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WESTERN PLACER UNIFIED SCHOOL DISTRICT

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF PLACER

WESTERN PLACER UNIFIED SCHOOL
DISTRICT,

Petitioner/Plaintiff,

vs.

THE GATHERING INN, a California Nonprofit
Corporation; ROB BONTA, in his official
capacity as ATTORNEY GENERAL FOR THE
STATE OF CALIFORNIA; STATE OF
CALIFORNIA; CALIFORNIA DEPARTMENT
OF SOCIAL SERVICES; KIMBERLY
JOHNSON, in her official capacity as
DIRECTOR OF THE CALIFORNIA
DEPARTMENT OF SOCIAL SERVICES; and
DOES 1-50, inclusive,

Respondents/Defendants.

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County of Placer
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Deputy Clerk

Case No. **S-CV-0053727**

**WESTERN PLACER UNIFIED SCHOOL
DISTRICT'S PETITION FOR WRIT OF
MANDATE AND COMPLAINT FOR
DECLARATORY AND INJUNCTIVE
RELIEF, RESTITUTION, AND DAMAGES**

**(Exempt from filing fees pursuant to Gov.
Code, § 6103)**

Date: 11/19/2024
Time: 8:30am
Location: Dept. 42

1 Comes now Petitioner/Plaintiff WESTERN PLACER UNIFIED SCHOOL DISTRICT
2 (“District”), and alleges against Defendant THE GATHERING INN, a California Nonprofit Corporation
3 (“TGI”), and against Respondents/Defendants ROB BONTA, in his official capacity as ATTORNEY
4 GENERAL FOR THE STATE OF CALIFORNIA (“Bonta”), the STATE OF CALIFORNIA (“State”),
5 CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (“CDSS”), and KIMBERLY JOHNSON, in
6 her official capacity as DIRECTOR OF THE CDSS (“Johnson”), as follows:

7 INTRODUCTION

8 1. This action stems from the Western Placer Unified School District’s fundamental
9 obligation to safeguard the wellbeing of its students, staff, and community members, while upholding its
10 educational mission. The District is responsible for maintaining a safe environment for its students and
11 ensuring the delivery of high-quality educational services within its jurisdictional boundaries.

12 2. TGI acted unlawfully, using misrepresentation and secrecy, to acquire property within the
13 District’s boundaries, at 1660 3rd Street in Lincoln, California, Assessor’s Parcel No. 021-321-040-000
14 (the “Property”) to operate a 105-bed medical respite center for unhoused individuals (the “Shelter”)
15 within roughly 1,053 feet of Glen Edwards Middle School and First Street Elementary School, within
16 .7 miles of Creekside Oaks Elementary School, and within a mile of Lincoln High School. The Property
17 is walking distance to these campuses and directly in the path of young students traveling to and from
18 school.

19 3. The Shelter is an imminent safety risk to students, staff, and the District community; it is
20 also a public nuisance. The Shelter’s potential impacts on District students, staff, and operations are
21 many, including but not limited to: safety of District students’ routes to and from school; campus safety;
22 District student and staff after-school activity safety; District student and staff exposure to adults who
23 are mentally or physically unwell, or have substance abuse issues; District student and staff exposure to
24 drug paraphernalia and unsafe debris; and District resource reallocation, among other things.

25 4. TGI concealed its Property acquisition from District officials and the community at large,
26 failing to disclose the transaction or plans for the Shelter before escrow closed, and failing to engage in
27 good faith—or at all—with the District to mitigate the impacts of the Shelter on District students.
28

1 5. TGI acquired the Property through a \$6.45 million dollar Community Care Expansion
2 Program (“CCE”) Capital Expansion Grant (“CCE Grant”) from CDSS. TGI’s CCE Grant application
3 contained significant material misrepresentations and omissions. Among other things, TGI failed to
4 fulfill a critical prerequisite for grant eligibility: conducting community engagement with the District,
5 City of Lincoln (“City”) officials, and other key stakeholders prior to submitting its grant application for
6 the Property. On information and belief, TGI conducted *no community engagement whatsoever* with
7 stakeholders in the District’s and City’s boundaries prior to being awarded the CCE Grant for the
8 Property.

9 6. The deficiencies in TGI’s application should have disqualified it from receiving the CCE
10 Grant, including all related funding and benefits. CDSS had a ministerial duty to approve only those
11 CCE Grant applications meeting grant eligibility requirements. But the CDSS did not follow its own
12 rules, and awarded the grant to TGI despite its ineligibility. Among other missteps, the CDSS awarded a
13 CCE Grant to TGI despite no community engagement with the District nor any other stakeholders from
14 the City of Lincoln. CDSS’s approval of TGI’s grant application was arbitrary, capricious, and lacking
15 in evidentiary support.

16 7. The CCE Grant offers more than just funding. Recipients are exempt from conditional
17 use permit and California Environmental Quality Act (“CEQA”; Pub. Resources Code, § 21000 et seq.)
18 requirements, bypassing safeguards enabling local agencies to evaluate and mitigate proposed property
19 uses—for example, the impact of a Shelter on the safety of District schoolchildren. In practice, this
20 means grant recipients like TGI can locate facilities for the unhoused, at-will, across the state, while
21 local agencies lack authority to regulate or mitigate their impact. TGI did so here, with its Shelter
22 located within 1,053 feet of the two closest District schools.

23 8. The State of California is complicit. Typically, a new facility for unhoused individuals
24 would require a conditional use permit and CEQA analysis to ensure, among other things, student safety
25 and compatibility with school operations. But in 2021, the State Legislature enacted, and the Governor
26 signed into law, Welfare and Institutions Code section 18999.97 (the “CCE Statute”), via Assembly Bill
27 (“AB”) 172. Subdivision l of the CCE Statute allows grant recipients (like TGI) to bypass local land use
28 control and environmental protection safeguards, automatically deeming any CCE Grant-funded project

1 “consistent and in conformity with” said controls, environmental protections, and accompanying
2 requirements.

3 9. The CCE Statute includes another unlawful loophole, enabling CDSS to bypass
4 California’s usual regulatory process in implementing and administering the CCE program and grants.
5 Traditionally, California’s Administrative Procedure Act (“APA”; Gov. Code, § 11340 et seq.)
6 establishes the process and safeguards for delegating legislative authority to administrative or executive
7 agencies, like the CDSS, to implement laws. But the CCE Statute removed those safeguards and added
8 no others, declaring CDSS’s own “letters or similar instruction” have the exact same effect as state
9 regulations when administering the CCE. (Welf. & Inst. Code, § 18999.97, subd. (k).)

10 10. These statutory loopholes are unlawful and dangerous. Unfettered by public oversight or
11 traditional safeguards, school communities like the District now find themselves unwitting neighbors
12 with facilities for the unhoused, like the Shelter, unsuitably located near schools for young children.

13 11. The State’s CCE Statute conflicts with, and unlawfully preempts, the Constitutional
14 authority afforded to the District and other California school districts. By bypassing local land use
15 controls, CEQA, and the APA, the CCE Statute interferes with the District’s constitutional right and
16 authority to control educational operations within its boundaries in a manner that ensures student safety
17 and access to educational programs. (See, e.g., Cal. Const., art. IX, § 14.)

18 12. By knowingly seeking and receiving \$6.45 million in funds as an unqualified CCE Grant
19 applicant—failing to conduct any required community engagement, and submitting letters of support
20 written for a location in another city—TGI acted deceitfully. Its conduct has harmed and will continue
21 to harm the District and its students. CDSS’s arbitrary and capricious actions enabled TGI’s conduct.

22 13. This legal action is imperative to safeguard the District’s fundamental duty to protect and
23 educate young students, to preserve its constitutional authority, and to prevent unwarranted interference
24 with its essential educational mission.

25 PARTIES

26 14. Petitioner/Plaintiff, DISTRICT, is a public school district and political subdivision of the
27 State of California, duly organized under the laws of the state, and operating within Placer County, with
28 its District office located in the city of Lincoln, California.

16. Respondent/Defendant, BONTA is the current Attorney General for the State of California and is named herein at all times in his official capacity as such. Bonta, as the California Attorney General, is the chief law officer of the State.

17. Respondent/Defendant, STATE, is and at all times mentioned herein is a State of the United States of America. Lawsuits may be brought against the State under Article III, Section 5 of the California Constitution.

18. Respondent/Defendant, CDSS, is the department of the State government responsible for the CCE and administration of the CCE Grant.

19. Respondent/Defendant, JOHNSON, is the current Director of CDSS and is named herein at all times in her official capacity as such. As Director of the CDSS, JOHNSON oversees all executive, administrative, and fiscal functions of the CDSS.

20. The true names and capacities, whether individual, corporate, or otherwise, of Respondent/Defendant DOES 1 through 50, inclusive, are unknown to the District at this time, and such Respondents/Defendants are, therefore, sued by fictitious names. The District will seek leave of court to amend this Petition/Complaint to reflect the true names and capacities of these fictitiously named Respondents/Defendants when they have been ascertained. The District is informed and believes, and based thereon alleges, that each of the Respondents/Defendants named herein as DOES 1 through 50, inclusive, is legally responsible in some manner for the actions challenged herein and, therefore, should be bound by the relief sought herein.

21. This Court has original jurisdiction over this matter, including pursuant to Article VI, Section 10 of the California Constitution, and Section 1085 of the Code of Civil Procedure.

22. This Court has authority to issue injunctions pursuant to Code of Civil Procedure section 526.

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23. This Court has authority to issue declaratory relief pursuant to Code of Civil Procedure section 1060 and Government Code section 11350.

24. Venue is proper in the County of Placer, State of California, because the District is situated in the County of Placer.

GENERAL ALLEGATIONS

The District and Its Responsibility For the Safety of All District Students and District Schools

25. The District is a California public school district serving nearly 8,000 students in Transitional Kindergarten (“TK”) through 12th grades across 14 schools in Western Placer County, in the cities of Lincoln and Sheridan.

26. Among its schools, the District has four schools in the center of Lincoln (also referred to as “Old Lincoln”)—Glen Edwards Middle School (“GEMS”), First Street Elementary School (“FSS”), Creekside Oaks Elementary School (“Creekside Oaks”), and Lincoln High School (“LHS”).

27. GEMS serves nearly 800 middle school students in grades 6-8; FSS serves nearly 400 elementary school students in grades TK-5; Creekside Oaks serves over 500 elementary school students in grades TK-5; and LHS serves over 1,100 high school students in grades 9-12. Collectively, these schools serve nearly 3,000 students as young as four years old within close proximity in Old Lincoln.

28. GEMS and FSS serve a high percentage of at-risk, high-needs students, due to the demographics of the established, surrounding neighborhood. Nearly half of GEMS students (45%) and more than two-thirds of FSS students (68%) are classified as socioeconomically disadvantaged. A third more students at GEMS (12.7%) and nearly four times as many students at FSS (35.2%) are English Language Learners compared to the District overall (9.3%).

29. The District has a fundamental obligation under the Education Code and California Constitution to provide an educational environment for all students that is “safe, secure, and peaceful.” (See, e.g., Ed. Code, § 32261; Cal. Const., art. IX, § 14.) This includes both safety on campus, and ensuring students’ safe egress to and from schools. (See Ed. Code, § 32282.)

The CCE Grant and Grant-Funding Requirements

30. In or about 2021, the CCE program was established after the State enacted AB 172. The CCE program operates under the control and direction of the CDSS. As administered by the CDSS, the

1 CCE Grant funds competitive grants to qualified grantees statewide “for the acquisition, construction, or
2 rehabilitation of property to be operated as residential adult or senior care facilities,” or to bolster
3 existing ones. (Welf. & Inst. Code, § 18999.97, subd. (a).) CCE Grant-funded projects must serve
4 “qualified residents,” defined as applicants and recipients of Supplemental Security Income/State
5 Supplementary Payment (“SSI/SSP”), and of the Cash Assistance Program for Immigrants (“CAPI”),
6 who need the care and supervision provided by the funded program. (Welf. & Inst. Code, § 18999.97,
7 subd. (e).)

8 31. On or about January 5, 2022, the CDSS issued its Community Care Expansion Program
9 Update (“CCE Update”). Per the CDSS, the CCE Update was “a supplement to the upcoming release of
10 the joint Request for Applications (RFA) for BHCIP Round 3: Launch Ready and CCE program capital
11 expansion projects.” In the CCE Update, the CDSS announced the forthcoming release of the CCE
12 Grant’s Request for Applications, and details regarding certain grant requirements. A true and correct
13 copy of the CCE Update is attached hereto and incorporated herein as Exhibit “A.”

14 32. Among other requirements, per the CCE Update: “For CCE, applications will be
15 accepted and funded on a rolling basis. However, applications will not be funded until applicants have
16 completed all necessary steps in the pre-development phase to ensure their projects are launch ready.”
17 Among other things, for a project to be grant-funded and “launch ready,” CCE Grant applicants were
18 required to submit “documentation of active community engagement and support, particularly with
19 people with lived experience. Insights from the community should be included in project planning,
20 design, implementation, and evaluation.” Per the CCE Update, said documentation “must be submitted
21 as part of the [grant] application.”

22 33. On or about January 31, 2022, the CDSS issued its Joint Request for Applications
23 (“RFA”) for the CCE Grant. Per the RFA, this was a first-in-time grant, meaning applications would be
24 “accepted on a rolling basis until grant funds are exhausted.” CDSS planned to announce grant awards
25 beginning March 2022, continuing until exhaustion of funds. The RFA explained that \$570 million was
26 available for CCE Grants, “to expand the community care options that serve seniors and adults with
27 disabilities experiencing or at risk of homelessness.” A true and correct copy of the RFA is attached
28 hereto and incorporated herein as Exhibit “B.”

1 34. The RFA contained a number of CCE Grant eligibility requirements. Among other
2 things, per its Section 3.4, General Program Requirements:

3 To be eligible to receive funding, projects must meet the following requirements [...] Applicant provides documentation of active community engagement and support,
4 particularly with people with lived experience. Insights from the community should be
5 included in project planning, design, implementation, and evaluation. Examples may
include survey results, notes taken during stakeholder engagement sessions, etc.

6 Per the plain language of the RFA, no CCE Grant application was eligible to be funded absent evidence
7 of “active” community engagement *and* support in the community where the project was located. This
8 was also a prerequisite to submitting the grant application—for example, a required attachment to the
9 CCE Grant application included Form 6: Community Engagement Form, where applicants were
10 required to “Explain how stakeholders (e.g., community-based organizations [CBOs], members of the
11 target population, residents, civic leaders, and frontline staff) have been meaningfully involved in the
12 visioning and development of this project.”

13 35. In two videos for CCE Grant applicants, titled the Good Neighbors Stakeholder Videos,
14 Parts 1 and 2, the CDSS discussed the requirement for community engagement as a part of the grant
15 application process. In video Part 2, for example, the moderator advises: “It seems obvious that you
16 need buy in with your local officials[;]” “What about school board members...[you need them, too...;]
17 “[The] story should never be: I’m allowed to do this so I’m doing it.”

18 36. Per the RFA, while CDSS’s application reviewers were permitted to request additional
19 “clarifying” information from a CCE Grant applicant, “Applications cannot be edited once submitted. It
20 is the applicant’s responsibility to ensure that the submitted application is accurate.”

21 37. A complete CCE Grant application also included Form 7: Applicant’s Certification of
22 Funding Terms, requiring each applicant to sign and date to certify: “The information, statements, and
23 attachments included in this application are, to the best of my knowledge and belief, true and correct.”

24 38. Horne, LLP, disburses grant funds on behalf of CDSS, to TGI and other CCE Grant
25 recipients, via a Program Funding Agreement with each grant recipient. The RFA’s full terms are
26 “Program Requirements” governing the Program Funding Agreement, dictating that no grantee may be
27 awarded funds absent compliance with the same. A true and correct copy of the template Program
28 Funding Agreement for CCE Grant recipients is attached hereto and incorporated herein as Exhibit “C.”

TGI Applies For a CCE Grant For a Medical Respite Shelter in Roseville, California

39. TGI is a California nonprofit public benefit corporation operating shelters, including medical respite shelters, for individuals experiencing homelessness. Its President and Chief Executive Officer (“CEO”) is Keith Diederich.

40. Sometime after the RFA was issued, in 2022, TGI planned to apply for a CCE Grant to operate a medical respite shelter for the unhoused in a new location, at 300 Elefa Street in Roseville, California (the “Roseville Project”).

41. In preparation for its Roseville Project, TGI sought and received letters of support from Sutter Roseville Medical Center (dated June 20, 2022), California Health and Wellness (i.e., Health Net; dated June 30, 2022), and Anthem Blue Cross (dated June 14, 2022). All three entities might have benefited from the Roseville Project—there are two major hospitals in Roseville and, as Anthem Blue Cross noted, a need for a facility where unhoused individuals could recover from medical conditions after hospital discharge.

42. Consistent with the CCE Grant’s community engagement requirements, TGI requested a letter of support for the Roseville Project from the Roseville City Council; it first considered the request at its July 20, 2022 meeting. Approximately 10 community members spoke in opposition to the Roseville Project, while approximately three people spoke in favor, including TGI’s own Economic Development Director, Melissa Anguiano. The City Council did not vote to support the Roseville Project on July 20, 2022, and tabled the matter for a future meeting.

43. Days after the July 20, 2022 meeting, on information and belief, TGI submitted its CCE Grant application to CDSS for the Roseville Project, dated on or about July 28, 2022. With its grant application, TGI submitted a typewritten document titled, “The Gathering Inn; Proposal for Medical Respite; Letters of Support.” TGI represented therein that it had “verbal support from the City Council of the City of Roseville,” that the city council would be voting on issuing a letter of support, and the letter would be submitted to CDSS once issued.

44. At its September 7, 2022 meeting, the Roseville City Council again considered whether to issue a letter of support for the Roseville Project, as requested by TGI. Five individuals spoke in support of the project, including TGI staff members Ms. Anguiano and Mr. Deiderich, along with a

1 Reverend and Deacon from an Episcopal church in Roseville, and one other individual. In contrast, 14
2 community members spoke in opposition to the Roseville Project, and the agenda item died for lack of a
3 motion by any City Council member. After consideration at two meetings, the Roseville City Council
4 declined to endorse such a letter of support for the Roseville Project.

5 **Facing Opposition from the Roseville Community, TGI Pivots, Editing its Grant Application to**
6 **Seek Funding for a New Project in Lincoln, California**

7 45. Sometime after the Roseville City Council declined to endorse a letter of support for the
8 Roseville Project, facing the possible rejection of its CCE Grant application, TGI pivoted, abandoning
9 the Roseville Project and instead seeking grant funding to operate a medical respite shelter on the
10 Property (i.e., 1660 3rd Street in Lincoln, California). A true and correct copy of TGI's application to
11 CDSS for the CCE Grant (less exhibits, which are presently unavailable to the District) is attached
12 hereto and incorporated herein as Exhibit "D."

13 46. While the grant application shows an "original submission date" of July 28, 2022, on
14 information and belief, TGI edited its CCE Grant application and attachments to instead seek funding
15 for a medical respite shelter for the unhoused (i.e., the "Shelter") at the Property in Lincoln, California.
16 For example, despite the original submission date, the application reflects, on its face, changes or
17 updates made to the application as late as August-November 2023.

18 47. On information and belief, TGI substantively edited its CCE Grant application, originally
19 submitted on or about July 28, 2022, with the permission of, and/or at the suggestion of, one or more
20 CDSS employees.

21 48. TGI did not conduct the required community engagement in Lincoln—with the District,
22 City officials, local stakeholders, or others—prior to submitting or revising its CCE Grant application to
23 seek funding for the Lincoln Shelter. TGI conducted no community engagement whatsoever with the
24 District and, on information and belief, conducted no community engagement whatsoever with any other
25 Lincoln stakeholders prior to applying for, or being awarded, the CCE Grant.

26 49. TGI submitted no evidence either with its CCE Grant application, or prior to being
27 funded, demonstrating community engagement efforts with the District, City, or other Lincoln
28 community stakeholders, relative to the Shelter or Property.

1 50. TGI submitted no evidence either with its CCE Grant application, or prior to being
2 funded, demonstrating it enjoyed support from the District, City, or other Lincoln community
3 stakeholders, relative to the Shelter or Property.

4 51. On information and belief, any representations TGI made to the CDSS regarding its
5 community engagement efforts in Lincoln, or support from the Lincoln community, were false.

6 52. Although TGI submitted support letters from Sutter Roseville Medical Center, California
7 Health and Wellness, and Anthem Blue Cross, all three June 2022 letters expressed support for the
8 Roseville Project, predating the consideration of the Lincoln Property.

9 53. On information and belief, neither Sutter Roseville Medical Center, California Health and
10 Wellness, nor Anthem Blue Cross intended for their June 2022 letters to reflect support for the Lincoln
11 Shelter.

12 54. TGI knew the CCE Grant's requirements for community engagement and support, but
13 intentionally did not engage with Lincoln stakeholders prior to submitting or editing its grant application
14 for the Shelter. TGI ostensibly did so because it did not want to lose first-in-time grant funding, and
15 needed to pivot given lackluster community support for its Roseville Project.

16 55. On or about June 23, 2023, CDSS awarded TGI a \$6.45 million dollar CCE Grant for the
17 Shelter.

18 56. CDSS approved, and authorized funding for, TGI's grant application for the Lincoln
19 Shelter despite the grant application lacking evidence of community engagement with, or support from,
20 the Lincoln community—clear grant prerequisites.

21 57. In approving TGI's CCE Grant, CDSS did not follow its own rules, guidance, and/or
22 regulations established for administration of the grant.

23 58. TGI's Shelter, on information and belief, is an acquisition of the former Gladding Ridge
24 senior assisted living and memory care community. While Gladding Ridge was a community with
25 fewer than three dozen beds, TGI's facility includes three times as many beds to support individuals
26 experiencing homelessness.

27 59. TGI's grant application lists intended services at the Lincoln Shelter including: three
28 meals per day; showering and laundry facilities; access to computers, internet, and phones; access to

1 clothing, shoes, and hygiene; clean linens; onsite drug and alcohol classes; life skill classes; mental
2 health services; case management support; transportation; job placement; social events, and more.

3 60. TGI's \$6.45 million dollar funding for the Shelter's 105 beds, on information and belief,
4 far exceeds the needs of Lincoln's unhoused residents.

5 61. Apart from its lack of community engagement, TGI's CCE Grant application for the
6 Property contained significant material misrepresentations, discrepancies, and/or deficiencies, including
7 but not limited to the following:

- 8 a. Portions of the grant application represent that the Lincoln Shelter will have either 59 or
9 60 beds for residents; however, TGI sought and received funding for a 105-bed facility,
10 per the CDSS's CCE Grant Data Dashboard.¹
- 11 b. TGI represented on its application that the Shelter would only serve qualified residents,
12 which includes those at risk of or experiencing homelessness; however, the Property's
13 Deed Restriction permits TGI to serve non-qualified residents in its 105-bed Shelter.
- 14 c. TGI represented on its application that the Shelter might also be used, in part, for a
15 nursing/assisted living facility with 38 additional beds, but represented to the public in a
16 July 2024 Frequently Asked Questions ("FAQ") communication regarding the Shelter:
17 "This facility will only serve as a medical respite center."
- 18 d. TGI represented on its grant application that the Property is "ready for turnkey
19 operations," requiring "no building permits." On the same application, it alternately
20 represented that the Property is an "expansion" and/or requires "renovation."
- 21 e. TGI represented on its application that Sutter Roseville Medical Center is a source of
22 required matching funds for its grant; however, on information and belief, Sutter
23 Roseville Medical Center did not write a letter of support for, nor agree to match funds
24 for, TGI's Lincoln Shelter.

25 62. On information and belief, TGI executed the required certification (Form 7) with its CCE
26 Grant application, attesting the representations within the grant application were true and correct.

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¹ <https://www.ccegrant.com/data-dashboard/>

63. On or about August 14, 2024, after TGI had closed escrow on the Property, City officials were notified for the first time by TGI’s CEO, Mr. Diederich, about the Property purchase and plans for the Shelter.

64. On information and belief, as of the date this Petition and Complaint is filed, TGI is renovating the Property, but has not yet opened its doors to, nor admitted, any residents.

The District Learns About TGI’s Shelter Located Near Four Schools; Develops Safety Concerns

65. On or about August 16, 2024, District Superintendent Kerry Callahan (“Superintendent”) first became aware, through a Lincoln City official, of TGI’s plans to operate the Shelter in Old Lincoln. The Superintendent learned the Shelter would be sited on the Property, within roughly 1,053 feet of GEMS and First Street Elementary School, which occupies the opposite side of the GEMS campus.

66. The Superintendent later learned that by August 16, 2024, TGI had already secured a CCE Grant from CDSS, closed escrow on the Property, and was in the process of converting the a former senior living facility on the Property with a few dozen beds into a “medical respite facility” for the unhoused with more than 100 beds, slated to open by the fall.

67. The Superintendent further learned that, by all accounts, TGI’s Shelter would bring over 100 frail and sick unhoused individuals into the District’s community boundaries at any given time. Further, she understood that Shelter residents would be mobile within the local community, permitted to come and go at will.

68. The Shelter’s proximity to four schools totaling nearly 3,000 young students created immediate, significant, concerns for the Superintendent and District—specifically, the Shelter is within two blocks of GEMS and FSS, within .7 mile of Creekside Oaks, and within a mile of LHS. The Shelter is directly in the path of student travel to and from GEMS and FSS, near a residential area, and a short two-block walk to the campuses, which have an open-concept design.

69. The Shelter is so close to GEMS that on at least two occasions since TGI announced its Shelter plans (on or about August 30, 2024, and on or about September 4, 2024), potential Shelter residents walked onto the GEMS campus and approached the school principal on school grounds looking for, or inquiring about, the Shelter.

1 70. TGI’s failure to notify or engage with the District was disturbing. The District was
2 entitled to meaningfully consider TGI’s plans to operate a Shelter near four District schools, *before* the
3 CCE Grant application was submitted or funds awarded. However, both TGI and CDSS denied the
4 District that opportunity.

5 71. The District promptly sought information regarding the Shelter and the CCE Grant, to
6 assess potential impacts on the school community. The only public information the District was aware
7 of was a FAQ on TGI’s website, representing that TGI was a grant recipient and had “communicated to
8 local officials about our plans for [a Shelter at] the location.” The District believed this statement to be
9 false.

10 72. The District’s Board and Superintendent found it inconceivable that a project of this
11 magnitude could be on the verge of opening without the District or community’s knowledge. The
12 District had many concerns regarding the Shelter’s impact on students, the school community, and
13 operations. These included, but were not limited to, the following:

- 14 a. Student Safety—Increased foot traffic and potential for individuals with untreated mental
15 health, medical, or substance abuse issues near District students and campuses;
16 heightened risk for young District students walking to/from school past the Shelter,
17 especially those students traveling alone.
- 18 b. Safe Routes to School—Potential need to redesign or provide additional supervision for
19 District student walking routes that pass near the Shelter.
- 20 c. Campus Security—Need for increased security measures to prevent unauthorized access
21 to school grounds and District students; possible need for additional security personnel or
22 surveillance systems; concerns about Shelter residents accessing or loitering near school
23 playgrounds or sports fields where young District students are playing.
- 24 d. Public Health Considerations—Heightened concerns about communicable diseases,
25 needles, and unsafe debris in the area impacting District students and staff, particularly
26 for younger or more vulnerable students.
- 27 e. After-school Activities—Safety issues for District students and staff staying late for
28 extracurricular activities, especially during winter months with earlier sunsets.

- f. Age-inappropriate Exposure—Concerns about District students witnessing adult behaviors, mentally unwell adults, or situations they may not be equipped to process.
- g. Traffic and crosswalk safety—Increased risk for District students at crosswalks and school zones due to potentially higher foot and vehicle traffic.
- h. Parental Concerns—Addressing and managing increased inquiries and worries from District parents and guardians regarding their young children.
- i. Enrollment—Possibility of District parents transferring their children to other schools due to perceived safety concerns.
- j. Resource Allocation—Possible strain on District schools and District resources in an effort to manage and mitigate impacts of the Shelter—whether actual or anticipated.

73. Faced with these challenges, echoed by concerned community members, the District immediately devoted staff time and resources to analyzing and assessing how to mitigate the dangers and impacts of the Shelter on its students and school community.

74. Despite the Superintendent’s attempts to engage with TGI through Mr. Deiderich, TGI only responded to meeting requests after public reports emerged that the District’s Board of Education (“Board”) had authorized litigation against TGI. The Superintendent met with Mr. Deiderich on or about September 10, 2024, to convey the District’s concerns, but he did not agree to cease plans for the Shelter. The Superintendent advised Mr. Deiderich that the District would therefore seek judicial intervention to address the imminent safety and related concerns posed by the Shelter.

TGI’s Actions Interfered with the District’s Operations and Authority to Maintain Safety for its Students, Staff, and Schools, Including Access to Education Within its Boundaries

75. As a California school district, the District has a bedrock obligation to keep its students safe, including providing an educational environment that is “safe, secure, and peaceful.” (See, e.g., Ed. Code, § 32261; Cal. Const., art. IX, § 14.) This obligation is comprehensive, extending beyond the physical boundaries of school campuses. The District has significant responsibility for on-campus safety, but its obligations extend to ensuring students can safely access educational opportunities. (See Ed. Code, § 32282.) This includes addressing certain known hazards that could affect students’ safe travel to and from school, even if the hazards are not on school property.

1 76. TGI improperly applied for, and was awarded, a \$6.45 million CCE Grant for the Shelter,
2 despite failing to meet clear grant requirements. Most egregiously, it neglected entirely to engage with
3 or secure support from the District or surrounding community, at any point in time. Similarly, TGI has
4 not met the Program Requirements set forth in the Program Funding Agreement with Horne, LLP.
5 TGI's actions were intentional, and harmful, interfering with the District's obligation and authority to
6 maintain safe and appropriate school sites, including safe access to educational opportunities within its
7 boundaries. TGI's actions and planned Shelter have, and continue to, pose a substantial, clear, and
8 imminent danger to the District's students and community.

9 77. The CDSS improperly awarded TGI the \$6.45 million CCE Grant for the Shelter, despite
10 TGI failing to meet grant requirements—among other things, neglecting to engage with or secure
11 support from the District or surrounding community. CDSS's actions were intentional and harmful,
12 interfering with the District's obligation and authority to maintain safe and appropriate school sites,
13 including safe access to educational opportunities within its boundaries. By awarding the CCE Grant to
14 TGI, permitting TGI to edit its Roseville Project application to pivot to the Lincoln Property, and
15 authorizing grant funding for an ineligible applicant, CDSS's actions have, and continue to, pose a
16 substantial, clear, and imminent danger to the District's students and community.

17 78. To date, TGI has disregarded multiple inquiries from both the City and District. These
18 include requests for information about its operations and appeals to cease its activities and plans for
19 opening the Shelter. TGI has consistently ignored concerns raised by the District and local community,
20 demonstrating a clear lack of intention to be a "good neighbor," as required by the CCE Grant.

21 79. The risk posed to the District community will increase significantly once residents are
22 housed in the Shelter, anticipated to occur as early as October 2024.

23 **TGI's Compliance With Local Zoning and Land Use Regulations, and Related Law**

24 80. At the same time, the District had concerns about TGI's compliance with local zoning
25 laws and land use regulations. Typically, local land use controls and CEQA provide safeguards
26 ensuring public disclosure of potential impacts of projects such as the Shelter, and an opportunity to
27 consider and mitigate the same.

1 81. Despite these expected measures, the District learned that blanket exemptions embedded
2 in the State’s CCE Statute subverted these safeguards, including transparency, notice, and ensuring
3 consistent and appropriate distribution of uses.

4 **The CCE Statute’s Exemptions from Local Land Use Controls and Related Safeguards Conflict**
5 **With the District’s Constitutional Authority and Educational Operations**

6 82. Land use decisions that identify and mitigate potentially incompatible uses are
7 traditionally in the domain and control of local government agencies.

8 83. Ordinarily, cities use local land use controls to evaluate and separate incompatible uses
9 from each other. For example, TGI’s Shelter is in Lincoln’s “B-P: Business and Professional District,”
10 typically requiring a Conditional Use Permit (“CUP”) to operate a medical respite facility. The Lincoln
11 Planning Commission may only grant CUPs following an application, in writing, including a scaled
12 map, contact information, proposed use, and other information the planners may require.

13 84. Additionally, “the planning commission may designate conditions in connection with
14 variances or [CUPs] as it deems necessary[.]” (City of Lincoln Code of Ordinances, Chapter
15 18.54.050.) “To grant a [CUP], the planning commission shall find that the establishment, maintenance
16 or operation of the use, building or structure applied for will not, under the circumstances of the
17 particular case, be detrimental to the health, safety, peace, morals, comfort or general welfare of persons
18 residing or working in the neighborhood of such proposed use or be detrimental or injurious to property
19 and improvements in the neighborhood or to the general welfare of the city.” (City of Lincoln Code of
20 Ordinances, Chapter 18.56.010.)

21 85. CEQA requirements similarly promote transparency by requiring public disclosure about
22 the potential effects of proposed property use in advance.

23 86. The State’s CCE Statute, however, expressly permits CCE Grant-funded projects to
24 bypass local land use controls, regardless of a project’s conformity with zoning or CEQA. Specifically,
25 per the CCE Statute, CCE Grant-funded projects are automatically—without any review process
26 whatsoever—deemed to be:

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1 [C]onsistent and in conformity with any applicable local plan, standard, or requirement,
2 and any applicable coastal plan, local or otherwise, shall be allowed as a permitted use,
3 within the zone in which the structure is located, shall not be subject to a conditional use
4 permit, discretionary permit, or any other discretionary reviews or approvals, and shall be
deemed as a ministerial action under Section 15268 of Title 14 of the California Code of
Regulations.

5 (Welf. & Inst. Code, § 18999.97, subd. (I).)

6 87. As a result, the CCE Statute strips stakeholders and government agencies (such as the
7 District) from any opportunity to consider, comment on, regulate, or mitigate a CCE Grant-funded
8 project or its proposed incompatible uses.

9 88. This is particularly problematic as to the District, responsible for the safety of
10 approximately 8,000 students.

11 89. The California Constitution governs the organization of school districts. (Cal. Const., art.
12 IX, § 14.) Per the California Constitution, public education is delivered at the most local level—by a
13 local school district. School districts have set boundaries and must operate within those boundaries, as
14 school districts are the governmental agencies vested with the responsibility of providing public
15 education within defined territories. As a basic tenet of the California public school system, a school
16 district is tasked with ensuring that safe and appropriate educational services are provided to students
17 within its geographic boundaries.

18 90. School districts are funded primarily with local tax dollars and accountable to the public
19 and taxpayers via the locally elected district school board, vested with various powers by the
20 Legislature. Within its defined geographic area, a school district is required to ensure the safety of all
21 pupils of appropriate grade and age electing to attend public schools by providing all necessary school
22 and classroom facilities, teachers, and instructional services, in a safe and appropriate manner, including
23 maintaining a school safety plan that provides safe access to education for all. This structure provides
24 accountability to the public and an avenue for parents and community members to ensure their public
25 schools are operating safely and lawfully, as dictated by the needs of the local community.

26 91. Operating under the ambit and authority of the California Constitution, school districts
27 also have school siting and safety requirements. For example, when siting and operating a school,
28 districts must conform to site selection guidelines set forth in the Education Code and Title 5 of the

California Code of Regulations. Those regulations include a requirement that “[a]ll districts shall select a school site that provides safety and that supports learning” and that “[e]xisting or proposed zoning of the surrounding properties shall be compatible with schools in that it would not pose a potential health or safety risk to students or staff.” (Cal. Code Regs., tit. 5, § 14010.) Further, Districts must ensure safe educational programs, campuses, and safe access for children going to and from school.

92. The CCE Statute enabled TGI to locate its Shelter within 1,053 feet of two District schools, and in close proximity to four schools educating nearly 3,000 students, without any notice, review, planning, mitigation, or preparation.

93. The CCE Statute bypasses usual safeguards by requiring that CCE Grant-funded projects, like the Shelter, are deemed ministerial, avoiding CEQA and other local controls entirely.

94. The CCE Statute, on its face, unlawfully preempts and conflicts with the District’s constitutional right and authority to operate its educational affairs in the manner it deems best for its community, ensure its schools and students are eminently safe, and to “initiate and carry on any programs, activities, or to otherwise act in any manner which is not in conflict with the laws and purposes for which school districts are established.” (See Cal. Const., art. IX, § 14.)

95. The CCE Statute, as applied here, unlawfully preempts and conflicts with the District’s constitutional right and authority to operate its educational affairs in the manner it deems best for its community, ensure its schools and students are eminently safe, and to “initiate and carry on any programs, activities, or to otherwise act in any manner which is not in conflict with the laws and purposes for which school districts are established.” (See Cal. Const., art. IX, § 14.)

96. The CCE Statute—specifically, subdivision (l)—is overly broad in its blanket exemptions from land use, environmental, and local controls in a manner that harms local schools and communities. The offending provision (i.e., subdivision (l)) is not reasonably related to the CCE Statute’s stated purpose, nor narrowly tailored to avoid interference with a local school district’s constitutional authority over educational operations within its boundaries, including student, school, and community safety.

The CCE Statute Lacks Adequate Regulatory and Procedural Safeguards

97. The State’s CCE Statute, as written, permits CDSS to bypass California’s usual regulatory process in implementing and administering the CCE Program and Grants. California’s APA

1 establishes the process and safeguards for delegating legislative authority to executive agencies, like the
2 CDSS, to implement laws. But the CCE Statute removed those safeguards and added no others,
3 declaring that CDSS’s own “letters or similar instruction” have the exact same effect as state regulations
4 when administering the CCE. (Welf. & Inst. Code, § 18999.97, subd. (k).)

5 98. Specifically, the CCE Statute provides: “Notwithstanding the rulemaking provisions of
6 the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
7 3 of Title 2 of the Government Code), the department may implement and administer this chapter
8 through all-county letters or similar instruction that shall have the same force and effect as regulations.”
9 (Welf. & Inst. Code, § 18999.97, subd. (k).)

10 99. Practically speaking, this means there are few, if any, traditional safeguards regulating
11 the CDSS’ implementation of the CCE Statute, including processes for the award and approval of CCE
12 Grants.

13 100. The CCE Statute says that the CDSS’s “all-county letters or similar instruction” shall
14 have regulatory effect. However, it is entirely unclear *what* is meant by CDSS “letters,” or “similar
15 instruction,” nor which documents have been deemed regulatory as to the CCE Grant. There are a
16 number of publications on the CDSS’s website relating to the CCE Grant—for example, the RFA, CCE
17 Update, application guide presentation, guidance videos for applicants, and more. On the face of the
18 CCE Statute, presumably, all such documents may “have the same force and effect as regulations,” since
19 they provide instruction and guidance for grant applicants. However, a person should not have to guess
20 as to which “letters or similar instruction” constitute regulations for the purpose of the CCE Statute.
21 Moreover, there is an utter lack of transparency as to the CDSS’s process—including stakeholder
22 input—for developing such letters and similar instruction.

23 101. It was incumbent upon the Legislature to establish adequate safeguards to guide the
24 procedures by which CDSS implements the CCE Statute, to ensure transparency, notice, procedural
25 clarity, and an opportunity to be heard. It failed to do so, instead delegating uncontrolled discretion to
26 the CDSS without sufficiently definite standards for said regulatory powers. Without such adequate
27 safeguards, the statute creates an unconstitutional delegation of legislative power to an administrative or
28 executive agency, the CDSS.

102. Further, as applied here, this lack of adequate safeguards contributed to the dangerous situation now impacting the District— without warning or notice, a large-scale Shelter project, funded by a CCE Grant, is planned for the center of town, unmitigated, near four schools and thousands of young students.

103. The CCE Statute—specifically, subdivision (k)—is overly broad in its blanket exemptions from regulatory control safeguards in a manner that harms local schools and communities. The offending provision (i.e., subdivision (k)) is not reasonably related to the CCE Statute’s stated purpose, nor narrowly tailored to avoid interference with a local school district’s constitutional authority over educational operations within its boundaries, including student, school, and community safety.

GROUND FOR PRELIMINARY AND PERMANENT INJUNCTIVE RELIEF

(By the District Against All Respondents/Defendants)

104. The District realleges and incorporates by reference, as though fully set forth herein, the allegations in paragraphs 1 through 103, inclusive, above, and 117 through 196, below.

105. The District has a clear, present, and substantial right to protect the safety and well-being of its students, staff, and school community. This right is grounded in the California Constitution, Education Code, and the District’s fundamental obligation to provide a safe and secure educational environment.

106. Respondents’/Defendants’ past, current, and ongoing actions have caused, and will continue to cause, great and irreparable harm to the District and its students. This harm includes, but is not limited to:

- a. Immediate and significant District student safety risks due to the Shelter’s proximity to four schools serving nearly 3,000 students, particularly GEMS and FSS, which are within 1,053 feet of the Shelter;
- b. Compromised District campus security, necessitating costly and immediate increases in security measures, personnel, and surveillance systems, borne by the District, to prevent unauthorized access to school grounds;
- c. Heightened danger to District students (especially younger and special needs students) traveling to and from school along routes that pass near the Shelter;

- d. Potential exposure of students and staff to individuals with untreated mental health, medical, or substance abuse issues in close proximity to school campuses;
- e. Increased risk of young District students encountering unsafe conditions such as discarded drug paraphernalia or witnessing inappropriate adult behaviors;
- f. Psychological impact on District students, potentially causing anxiety, stress, and fear, which could negatively affect their educational experience and overall well-being; and
- g. Disruption of the District's operations, requiring immediate reallocation of limited resources to address new safety concerns, potentially compromising other educational programs.

107. The Shelter is currently undergoing renovation, with plans to open to residents in or about October 2024; once that occurs, District students and District school campuses will be increasingly in harm's way, as over 100 frail and sick unhoused individuals begin to populate the Shelter and District community. At present, multiple unhoused individuals have already trespassed onto the GEMS campus inquiring about the Shelter.

108. The District is further harmed by Respondents'/Defendants' actions depriving the District of its sovereignty and right to control student safety and education delivered within its boundaries, to the detriment of students, families, and public-at-large.

109. District is likely to succeed on the merits of its claims, including but not limited to: (1) TGI improperly applied for and was awarded the CCE Grant without meeting the required community engagement prerequisites; (2) CDSS improperly awarded the CCE Grant to TGI despite TGI's failure to meet grant requirements; (3) the CCE Statute, particularly subdivisions (k) and (l) of Welfare and Institutions Code section 18999.97, unlawfully preempts and conflicts with the District's constitutional authority to ensure school and student safety within its boundaries, and lacks adequate safeguards.

110. The balance of hardships tips decidedly in the District's favor. While Respondents/Defendants may face some financial or administrative burdens if an injunction is granted, these hardships are significantly outweighed by the potential risks to the safety and well-being of

1 thousands of students. Moreover, the Shelter is not yet operational; thus, no Shelter residents or
2 unhoused individuals will be directly affected by injunctive relief.

3 111. The public interest strongly favors granting the injunction. Ensuring the safety of District
4 students and maintaining the integrity of the District's educational environment serves a critical public
5 interest outweighing any countervailing interests in immediately establishing the Shelter on the
6 Property.

7 112. Respondents/Defendants have and continue to willfully ignore and violate the law,
8 despite the attempts to remediate the situation and demands for TGI to cease and desist from their
9 unlawful activities. Absent court intervention to compel TGI to cease its illegal activities, and to compel
10 CDSS to stop funding disbursement to TGI, Respondents'/Defendants' unlawful actions will continue.

11 113. Preliminary and permanent injunctive relief are warranted and necessary. Without such
12 relief, TGI will continue to spend CCE Grant funds and begin to admit residents to the Shelter,
13 exacerbating the harm to the District, students, and the community. As such, immediate injunctive relief
14 is necessary to avoid significant, imminent, irreparable harm.

15 114. Based on the foregoing, the District respectfully requests that preliminary and permanent
16 injunctive relief issue as follows, pending trial/hearing on the merits: (1) enjoining TGI from opening or
17 operating the Shelter at the Property, including taking any steps in furtherance of the same; (2) enjoining
18 TGI from spending any further CCE Grant funds for the Shelter or Property; (3) enjoining CDSS from
19 disbursing any further CCE Grant funds to TGI for the Shelter; (4) requiring CDSS to direct Horne,
20 LLP, to cease disbursing funds to TGI; (5) requiring TGI to be disgorged and return all CCE Grant
21 funding received to-date for the Property to the CDSS; (6) requiring TGI to cease all construction,
22 renovation, or preparation activities at the Property pending trial on the merits; and (7) enjoining
23 enforcement of subdivisions (k) and (l) of Welfare and Institutions Code section 18999.97 as related to
24 projects within the District's boundaries.

25 115. The District lacks an adequate remedy at law to resolve the actual, current, and ongoing
26 controversies that have arisen between the District and Respondents/Defendants.

27 116. The District requests that the Court retain jurisdiction over this matter.

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CLAIMS FOR RELIEF

FIRST CAUSE OF ACTION

DECEIT AND CONCEALMENT

(Civil Code §§ 1709, 1710; By the District Against TGI)

117. The District realleges paragraphs 1 through 116, inclusive, and incorporates them by reference herein.

118. A party commits the tort of deceit through, among other offenses, “the suppression of a fact, by one who is bound to disclose it, or who gives information of other facts which are likely to mislead for want of communication of that fact.” (Civ. Code, § 1710.)

119. The CCE Grant requires applicants to conduct and document extensive community engagement before submitting an application. That engagement is the only notice and opportunity to be heard available to community stakeholders regarding CCE projects. As such, TGI was bound by the CCE Grant requirements to disclose details regarding their planned Shelter, and to meaningfully engage with the community and District prior to applying for, or being awarded, the grant.

120. TGI concealed or suppressed material facts regarding its plans for the Shelter. TGI knew of the CCE Grant’s engagement requirements, as demonstrated by its Roseville Project engagement efforts. TGI willfully and intentionally did not engage with, and/or suppressed information from, the District and other Lincoln stakeholders regarding the CCE Grant, Property, and the Shelter until after the grant was awarded and the Property cleared escrow. TGI intentionally concealed or suppressed this information to its own benefit and the District’s detriment.

121. TGI also willfully deceived District and the public at large by conducting community stakeholder engagement for the Roseville Project, and failing to disclose when the material terms of its grant application and project location changed to the Property in Lincoln. By publicizing Roseville as the location for its grant project without amendment, TGI concealed the true location of Lincoln Property, misled the District, and did not give the District or the community any reason to believe TGI planned to operate in Lincoln.

122. TGI had a duty to disclose these and related material facts to the District because, among other things: (1) TGI was required in the CCE Grant application process to engage with and obtain

support from local stakeholders, including the District; and (2) the Shelter's location, operation, and proximity to schools significantly impact the District's operations and student safety.

123. TGI intentionally concealed or suppressed these material facts with the intent to defraud the District.

124. The District was unaware of these concealed or suppressed facts. TGI's actions denied District its opportunity to be heard before the CCE Grant was awarded. Had the District known of TGI's true plans for the Shelter, its proximity to District schools, and its potential impacts on student safety and school operations, the District would have taken immediate action to engage with TGI to voice concerns, seek mitigation measures, prepare and implement necessary safety protocols well in advance of the Shelter's planned opening, and potentially object to TGI's grant application.

125. As a direct and proximate result of TGI's conduct herein, the District was harmed; it has sustained and will continue to sustain damages. These include but are not limited to costs that will be borne by the District associated with implementing emergency safety and security measures; resources diverted by the District from educational programs to address Shelter-related concerns; and potential loss of enrollment and associated funding for the District.

126. TGI's actions were willful, wanton, malicious, and oppressive; its actions were specifically designed to deceive District and Lincoln community stakeholders until it had fully secured the CCE Grant. An award of exemplary and punitive damages is justified.

SECOND CAUSE OF ACTION

PUBLIC NUISANCE

(Civil Code §§ 3479, 3480; By the District Against TGI)

127. The District realleges paragraphs 1 through 126, inclusive, and incorporates them by reference herein.

128. TGI's actions and omissions created a condition that is harmful to human health; indecent and offensive to the senses; and obstructed the free use of property and resources, so as to interfere with the comfortable enjoyment of such property and resources.

129. TGI's actions and omissions have caused an unreasonable and substantial interference in the educational environments in the schools of the District. This interference is ongoing and continuing.

1 130. In unlawfully establishing and operating the Shelter under a CCE Grant award it did not
2 qualify for, using misrepresentation and deceit, TGI has created a substantial and unreasonable
3 annoyance, inconvenience, and injury to the public and constitute a public nuisance.

4 131. The Shelter's proximity to four schools serving nearly 3,000 students, some as young as
5 four years old, creates a unique condition injurious to student and school health and safety. Further, the
6 shelter detrimentally impacts the safety of District students' routes to and from District schools; campus
7 safety; creates public health risks; impacts District student and staff after-school activity safety; creates
8 age-inappropriate exposure of District students to mentally unwell adults; and exposure of District
9 students and staff to drug paraphernalia and unsafe debris, among other things.

10 132. The District and its students have a right to be free from conduct that endangers their
11 health and safety. Yet TGI's actions and deliberate omissions have substantially, unreasonably, and
12 injuriously interfered with District's operations and affected the public health, order, and safety of
13 multiple District schools. This harm to the District, District students, and the public is substantial,
14 unreasonable, widespread, and ongoing; if not stopped, it will result in permanent and long-lasting
15 damage. Any potential offsetting benefit resulting from TGI's wrongful conduct does not outweigh the
16 significant harm to the District.

17 133. CCE Grant applicants (including TGI) have an affirmative duty of care, per the RFA and
18 grant requirements, to engage with the community in a meaningful way prior to submitting their grant
19 application; this is intended to prevent incompatible uses from interfering with existing community uses
20 and public health and safety considerations. TGI's conduct violated these requirements and the public
21 policy underpinning them, thereby breaching that duty of care.

22 134. As a result of its non-compliance with the CCE Grant requirements and the law, TGI's
23 use of the Property unreasonably and substantially interferes with the health and welfare of the general
24 public and with the District's use, enjoyment, and safety of its existing property for school facilities
25 serving students.

26 135. TGI's conduct substantially and unreasonably interfered with public health, safety, and
27 the right to a public education in a safe and healthy environment. The public nuisance created or
28 maintained by TGI is connected to the District's property. The health and safety of the youth of the

District's schools are matters of substantial public interest and of legitimate concern to District, as well as to the community.

136. TGI knew or should have known that its conduct would create a public nuisance. TGI knew or reasonably should have known that its willful disregard for conducting the community engagement required by the CCE Grant would cause harm to the community, including the District and its students, when it placed a shelter for the unhoused within two-blocks' walk of multiple local schools. Thus, the public nuisance caused by TGI was reasonably foreseeable, including the property and economic losses incurred by the District. The public nuisance at issue is present now and inevitable in the future absent judicial intervention.

137. The District has suffered special injury, different in kind from those suffered by the general public, including, but not limited to, those arising from: the prevention of school facility use after hours without additional safety precautions including security guards and/or fences, the effect on educational access and equity due to the need for the aforementioned security officers and fences, the necessity to install and repair security devices to protect students on school grounds, the trespassory use, theft, and/or destruction of school grounds by Shelter residents, the diversion of staff time and resources to mitigate the impacts of the Property.

138. The District therefore requests all the relief to which it is entitled in its own right and relating to the special damage or injury it has suffered, and not in any representative or *parens patriae* capacity on behalf of students, including damages in an amount to be determined at trial and an order providing for the abatement of the public nuisance that TGI has created or assisted in the creation of, and enjoining TGI from future conduct contributing to the public nuisance described above.

139. TGI engaged in conduct, as described above, that constituted malice, oppression, or fraud, with intent to cause injury and/or with willful and knowing disregard of the rights or safety of another, being fully aware of the probable dangerous consequences of the conduct and deliberately failing to avoid those consequences.

140. Defendant's willful, knowing and reckless conduct, constituting malice, oppression or fraud, therefore warrants an award of aggravated or punitive damages.

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THIRD CAUSE OF ACTION

INTENTIONAL INTERFERENCE WITH EDUCATIONAL OPERATIONS

(By the District Against TGI)

141. The District realleges paragraphs 1 through 140, inclusive, and incorporates them by reference herein.

142. The District's provision of a safe educational environment for its students has been rendered more expensive and burdensome by TGI's unlawful conduct—actively avoiding community engagement efforts required by the CCE Grant and concealing its plans for a Shelter at the Property.

143. The District has a constitutional and statutory responsibility—a contract with the public, of sorts—to provide a safe educational environment for its students.

144. TGI knew or should have known that District and its schools—especially GEMS and FSS—were in the same neighborhood as the Shelter, and that the District has a fundamental responsibility to provide students with a safe educational environment.

145. TGI's avoidance of all community engagement with the District in Lincoln, after its community engagement attempt, and failure, in Roseville, was intentional. In so doing, TGI did not give the District the opportunity it was entitled to, in advance of the CCE Grant award, to consider, engage with, or mitigate safety hazards posed by the Shelter. TGI's conduct interfered with the District's operations, including the safety of its students, schools, and educational environment.

146. Responding to TGI's conduct, the District was required, among other things, to redirect staff and operational resources to address impacts of the Shelter in an urgent manner, in an attempt to safeguard student safety and the integrity of educational programs.

147. The District seeks restitution costs, and to recover damages for its economic losses, including staff time, resources, and other reasonably related fees and expenses owing to TGI's conduct.

148. Defendant's willful, knowing and reckless conduct, constituting malice, oppression or fraud, therefore warrants an award of aggravated or punitive damages.

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FOURTH CAUSE OF ACTION

DECLARATORY RELIEF—CCE GRANT

(Code of Civil Procedure § 1060; By the District Against TGI, CDSS, and Johnson)

149. The District realleges paragraphs 1 through 148, inclusive, and incorporates them by reference herein.

150. An actual controversy now exists between the District and TGI, CDSS, and Johnson, concerning TGI's Property and Shelter in Lincoln, including whether TGI was properly awarded the CCE Grant, whether TGI is entitled to receive grant funds, and whether TGI may use the Property for the Shelter as described under the CCE Grant.

151. The District requires a judicial determination and declaration of the respective rights and a declaration of the rights and legal duties of the parties and a declaration: (1) stating CDSS's approval of TGI's CCE Grant violated CDSS's own RFA and program requirements and is invalid; (2) stating TGI did not meet the requirements to receive the CCE Grant award, and by extension is not entitled to receive any funding for the Shelter or the Property; (3) stating the Property does not qualify for the CCE Statute's CEQA/land use exemption under Welfare and Institutions Code section 18999.97, subdivision (l), because TGI was improperly awarded the CCE Grant, and therefore TGI must follow traditional CUP, CEQA, and local land use procedures for the Property; and (4) stating TGI has a legal obligation to disgorge and return to the CDSS all CCE Grant funds received to date.

152. A judicial declaration is appropriate and necessary at this time to resolve the parties' controversy as set forth herein.

153. The District is presently and continuously injured by TGI's, CDSS's, and Johnson's conduct as set forth herein.

FIFTH CAUSE OF ACTION

**DECLARATORY RELIEF—REGULATORY AND PROCEDURAL SAFEGUARDS;
UNCONSTITUTIONAL PREEMPTION**

(Code of Civil Procedure § 1060; By the District Against State and Bonta)

154. The District realleges paragraphs 1 through 153, inclusive, and incorporates them by reference herein.

155. An actual controversy now exists between the District, State, and Bonta.

156. The District and Respondents/Defendants State and Bonta are each interested in the legal validity of the CCE Statute, enacted by AB 172, and there is an actual and present controversy between the parties.

157. The District seeks a determination that the CCE Statute lacks adequate regulatory and procedural safeguards in the manner it delegates legislative authority to the CDSS via Welfare and Institutions Code section 18999.97, subdivision (k) (i.e., providing that notwithstanding the APA, the CDSS's "all-county letters or similar instruction" shall have the same force and effect as state regulations) and therefore, the statute creates an unconstitutional delegation of legislative power to an administrative or executive agency, the CDSS.

158. The District further seeks a determination that the CCE Statute, on its face and as applied, unconstitutionally preempts and/or conflicts with the District's constitutional right and authority to manage educational operations and protect the safety of students within its boundaries, including the District's authority under the California Constitution, article IX, section 14, to "initiate and carry on any programs, activities, or to otherwise act in any manner which is not in conflict with the laws and purposes for which school districts are established," by improperly bypassing land use controls, CEQA, and the APA in a manner that detrimentally impacts students and educational operations within the District's boundaries.

159. The District further seeks a determination that, based on the above, the CCE Statute is rendered invalid and may not be enforced or implemented, at least as to Welfare and Institutions Code section 18999.97 subdivisions (k) and/or (l).

160. A judicial declaration is appropriate and necessary at this time to resolve the parties' controversy as set forth herein, and to determine the constitutionality of the CCE Statute, as well as whether the CCE Statute lacks adequate procedural safeguards in the manner it delegates Legislative authority to the CDSS.

161. The District is presently and continuously injured by the unconstitutionality and lack of adequate procedural safeguards in the CCE Statute as set forth herein.

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SIXTH CAUSE OF ACTION

PETITION FOR WRIT OF MANDATE—CCE GRANT

(Code of Civil Procedure § 1085; By the District Against CDSS and Johnson)

162. The District realleges paragraphs 1 through 161, inclusive, and incorporates them by reference herein.

163. CDSS has a ministerial duty to award CCE Grants in conformity with the CCE Grant RFA, program requirements, and related CDSS guidance and/or regulations establishing CCE Grant requirements.

164. TGI's CCE Grant application included multiple deficiencies and omissions disqualifying it from grant award eligibility.

165. TGI failed to conduct required community engagement in Lincoln, where the Shelter is located—either with the District, community, or other stakeholders. TGI failed to provide with its CCE Grant application evidence of community engagement specific to the Property or Shelter.

166. TGI's lack of community engagement, including documentation of the same, disqualified TGI from receiving a CCE Grant award for the Property or Shelter, including all related funding and benefits.

167. Other deficiencies in TGI's CCE Grant application, as described in this Petition, further disqualified it from receiving the CCE Grant award, including all related funding and benefits.

168. CDSS has a clear, present, ministerial duty to approve only those CCE Grant applications meeting CCE Grant RFA and program requirements. TGI's CCE Grant application did not comply with the RFA or grant program requirements. The CDSS did not follow its own rules and/or regulations regarding grant program requirements; it awarded the CCE Grant to TGI despite TGI's application not meeting RFA or other grant program requirements. CDSS's approval of TGI's CCE Grant application was arbitrary, capricious, and lacking in evidentiary support.

169. CDSS also failed to follow its own rules when it permitted TGI to substantively edit its grant application after submission, contrary to the express requirements of the CCE Grant. In doing so, CDSS further acted in an arbitrary and capricious manner, lacking in evidentiary support, acting

contrary to its clear, present, ministerial duty to review and process grants in accordance with CDSS requirements for the same.

170. The District has a beneficial right to, and a public interest in, the performance of CDSS's duties in ensuring CCE Grants are only awarded to qualified applicants who meet all requirements, and that CDSS follows its own grant application process.

171. Per the CCE Statute, subdivision (k), CDSS all-county letters or "similar instruction" regarding the CCE Grant have the same force and effect of regulations. Therefore, in acting contrary to its own grant RFA and related guidance, CDSS also violated the regulations underpinning the CCE Grant.

172. The District requests and prays that a writ of mandate be issued by this Court to CDSS and Johnson: (1) invalidating the CDSS's approval of TGI's CCE Grant for any project on the Lincoln Property, including the Shelter; (2) directing the CDSS to stop disbursement of all current and future funding to TGI related to its CCE Grant award for the Property and Shelter (and directing CDSS to issue related directives to Horne, LLP, and any third-party fund manager as appropriate); (3) directing CDSS to issue an order to TGI to cease all Shelter operations at the Property under the CCE Grant; and (4) directing CDSS to order TGI to return all funds disbursed to it under the CCE Grant.

173. The District has no plain, speedy, and adequate remedy, in the ordinary course of law.

174. The District requests that the Court retain jurisdiction over this manner.

SEVENTH CAUSE OF ACTION

PETITION FOR WRIT OF MANDATE—UNCONSTITUTIONAL PREEMPTION

(Code of Civil Procedure § 1085; By the District Against the State and Bonta)

175. The District realleges paragraphs 1 through 174, inclusive, and incorporates them by reference herein.

176. The CCE Statute violates the California Constitution. Therefore, Petitioners seek a preemptory writ of mandate under Code of Civil Procedure section 1085, compelling Respondents State and Bonta to cease enforcement and administration of the CCE Statute.

177. Respondents have a clear, present, and ministerial duty to administer the laws of the State of California, such as the CCE Statute, without violating the provisions of the California Constitution.

1 Respondents' adoption and enactment of the CCE Statute, via AB 172, is unconstitutional for the
2 reasons set forth in this Petition.

3 178. School districts derive authority to govern educational affairs from the California
4 Constitution, which allows "school districts to initiate and carry on any programs, activities, or to
5 otherwise act in any manner which is not in conflict with the laws and purposes for which school
6 districts are established." (Cal. Const., art. IX, § 14.)

7 179. By bypassing local land use controls, CEQA, and the APA, the CCE Statute interferes
8 with and preempts the District's constitutional right and authority to control educational operations
9 within its boundaries in a manner that ensures the safety of students and District operations, consistent
10 with its right to "initiate and carry on any programs, activities, or to otherwise act in any manner which
11 is not in conflict with the laws and purposes for which school districts are established." (Cal. Const., art.
12 IX, § 14.)

13 180. The CCE Statute is overly broad in its blanket exemptions from land use, environmental,
14 and regulatory control safeguards; it is not reasonably related to, nor reasonably tailored to achieve any
15 concern.

16 181. The District is beneficially interested in Respondent State's duties to uphold the
17 California Constitution and not to enforce or administer any law, statute, or regulation that is in violation
18 thereof. The CCE Statute—i.e., Welfare and Institutions Code section 18999.97, subdivision (l),
19 constitutes an abuse of discretion and is unconstitutional.

20 182. The District has no adequate remedy at law to redress the constitutional and statutory
21 violations described herein other than through a petition for writ of mandate.

22 183. The District requests and prays that a writ of mandate be issued by this Court invalidating
23 Welfare and Institutions Code section 18999.97, subdivision (l), and directing the State and Bonta to
24 cease enforcement and/or implementation of the same.

25 184. The District requests that the Court retain jurisdiction over this matter.

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EIGHTH CAUSE OF ACTION

**PETITION FOR WRIT OF MANDATE—REGULATORY AND PROCEDURAL
SAFEGUARDS**

(Code of Civil Procedure § 1085; By the District Against the State and Bonta)

185. The District realleges paragraphs 1 through 184, inclusive, and incorporates them by reference herein.

186. The Separation of Powers Doctrine grants regulatory authority to the legislative branch and requires the Legislature to include “adequate safeguards” when delegating that authority to an executive branch agency or department, like CDSS, to “guide the power’s use and to protect against misuse.” (*People v. Wright* (1982) 30 Cal.3d 705, 712–713.)

187. Such adequate safeguards can be easily provided by the APA. (Gov. Code, § 11340 et seq.) The APA was enacted to establish basic minimum procedural requirements to ensure that legislative delegation to administrative agencies did not interfere with the separation of powers ensured by the Constitutions of the United States and the State of California. (*Cal. Sch. Bds. Assn. v. State Bd. of Ed.* (2010) 186 Cal.App.4th 1298, 1328.)

188. Where the Legislature delegates its regulatory authority to administrative agencies and departments, the APA provides “a procedure for persons or entities affected by a regulation to be heard ... and to have notice of the law’s requirements.” (*Morales v. Cal. Dep’t of Corr. & Rehab.* (2008) 168 Cal.App.4th 729, 736.) The APA’s purpose is to ensure that “truly fundamental issues [will] be resolved by the Legislature” and that a “grant of authority [is] ... accompanied by safeguards adequate to prevent its abuse.” (*Kugler v. Yocum* (1968) 69 Cal.2d 371, 376.)

189. Specifically, the APA requires that the agency give the public notice of its proposed regulatory action; issue a complete text of the proposed regulation with a statement of the reasons for it; give interested parties an opportunity to comment on the proposed regulation; respond in writing to public comments; and forward a file of all materials on which the agency relied in the regulatory process to the Office of Administrative Law, which reviews the regulation for consistency with the law, clarity, and necessity.

191. Without such adequate safeguards, the CCE Statute creates an unconstitutional delegation of legislative power to an administrative or executive department—i.e., the CDSS—and creates an impermissible regulatory void that allowed the Lincoln Shelter to open in the center of town, unmitigated, near four schools and thousands of young students, completely unnoticed.

192. The District is beneficially interested in the performance of Respondents' ministerial duties to uphold the California Constitution and not to enact or enforce any law, statute, or regulation that is in violation thereof. Welfare and Institutions Code section 18999.97, subdivision (k), was enacted in an arbitrary and capricious manner, in violation of the State's clear, present, ministerial duty to enact laws containing adequate procedural safeguards. Its enactment constitutes an abuse of discretion, and is unconstitutional.

193. The District has no plain, speedy, and/or adequate remedy in the ordinary course of law.

194. The District requests and prays that a writ of mandate be issued by this Court invalidating Welfare and Institutions Code section 18999.97, subdivision (k), due to its unlawful and unconstitutional delegation of regulatory authority without adequate safeguards as set forth herein, and directing the State and Bonta to cease enforcement and/or implementation of the same.

195. The District requests that the Court retain jurisdiction over this matter.

PRAYER

WHEREFORE, the District prays for Judgment against Respondents and Defendants as follows:

1. On the First Cause of Action:
 - a. For damages in an amount to be proven at trial; and
 - b. For punitive and exemplary damages.
2. On the Second Cause of Action:
 - a. For an order declaring TGI's conduct and operation of the Shelter to be a public nuisance;
 - b. For a preliminary and permanent injunction requiring TGI to abate the nuisance;

- 1 c. For damages in an amount to be proven at trial; and
- 2 d. For punitive and exemplary damages.
- 3 3. On the Third Cause of Action:
- 4 a. For restitution costs damages for economic losses, including staff time, resources,
- 5 and other reasonably related fees and expenses; and
- 6 b. For punitive and exemplary damages.
- 7 4. On the Fourth Cause of Action, for a judicial declaration that:
- 8 a. CDSS's approval of TGI's CCE Grant violated CDSS's own RFA and program
- 9 requirements;
- 10 b. That CDSS's approval of TGI's CCE Grant is invalid, or, in the alternative,
- 11 declaring that CDSS must revoke TGI's CCE Grant;
- 12 c. TGI did not meet the requirements to receive the CCE Grant award and is not
- 13 entitled to receive any funding under the grant, nor entitled to operate the Shelter
- 14 or Property pursuant to the grant;
- 15 d. The Property does not qualify for the CCE Statute's CEQA/land use exemption
- 16 under Welfare and Institutions Code section 18999.97, subdivision (l); and
- 17 e. TGI has a legal obligation to disgorge and return to the CDSS all CCE Grant
- 18 funds received to date.
- 19 5. On the Fifth Cause of Action, for a judicial declaration:
- 20 a. That the CCE Statute lacks adequate regulatory procedural safeguards;
- 21 b. That the CCE Statute unconstitutionally preempts and/or conflicts with the
- 22 District's constitutional right and authority over educational operations and
- 23 student safety; and
- 24 c. That the State's enactment of the CCE Statute is invalid and that the statute may
- 25 not be enforced or implemented, at least as to its subdivisions (k) and/or (l).
- 26 6. On the Sixth Cause of Action, for a writ of mandate to issue:
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- a. Invalidating the CDSS's arbitrary and capricious approval of TGI's CCE Grant for any project on the Lincoln Property, and ordering the CDSS to withdraw its approval of TGI's grant application, retroactively and prospectively;
- b. Directing the CDSS to stop disbursement of all current and future funding to TGI related to its CCE Grant award;
- c. Directing CDSS to order Horne, LLP (or other relevant third-party fund manager) to stop disbursement of all current and future funding to TGI related to its CCE Grant award;
- d. Directing CDSS to issue an order to TGI to cease all Shelter operations at the Property under the CCE Grant; and
- e. Directing CDSS to order TGI to return all funds disbursed to it under the CCE Grant.

7. On the Seventh Cause of Action, for issuance of a peremptory writ of mandate invalidating Welfare and Institutions Code section 18999.97, subdivision (l), and directing the State and Bonta to cease enforcement and/or implementation of the same.

8. On the Eighth Cause of Action, for issuance of a peremptory writ of mandate invalidating Welfare and Institutions Code section 18999.97, subdivision (k), due to its unlawful and unconstitutional delegation of regulatory authority without adequate safeguards, and directing the State and Bonta to cease enforcement and/or implementation of the same.

9. On All Causes of Action:

- a. For preliminary and permanent injunctive relief as requested and set forth in this Petition/Complaint, including Paragraphs 104-116 herein;
- b. For an award of attorney's fees pursuant to Code of Civil Procedure section 1021.5 and any other applicable law;

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- 1 c. For costs of suit incurred herein;
2 d. For pre-judgment and post-judgment interest as allowed by law; and
3 e. For such other and further relief as the Court deems proper.

4 Dated: September 30, 2024

Respectfully submitted,

5 **LOZANO SMITH**

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8 ERIN M. HAMOR
9 MEGAN E. MACY
10 Attorneys for Petitioner and Plaintiff
11 WESTERN PLACER UNIFIED SCHOOL
12 DISTRICT
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VERIFICATION—DEEMED VERIFIED

The District is a public entity and, as such, this Petition is deemed a verified petition pursuant to Code of Civil Procedure section 446 and as required by Code of Civil Procedure 1086. (See *Murrieta Valley Unified School Dist. v. County of Riverside* (1991) 228 Cal.App.3d 1212, 1222-23.)

Western Placer Unified School District v. The Gathering Inn, et al.
**Petition for Writ of Mandate/Complaint for Declaratory and Injunctive
Relief, Restitution, and Damages**

Exhibit A



DHCS Behavioral Health Continuum Infrastructure Program CDSS Community Care Expansion Program Program Update

The California Department of Health Care Services (DHCS) and the California Department of Social Services (CDSS) are launching two new programs intended to expand the infrastructure of and address historic gaps in the behavioral health and long-term care continuum serving seniors, people with disabilities, and people with behavioral health needs. These new programs are the Behavioral Health Continuum Infrastructure Program (BHCIP) and the Community Care Expansion (CCE) Program. **The following information is provided as a supplement to the upcoming release of the joint Request for Applications (RFA) for BHCIP Round 3: Launch Ready and CCE program capital expansion projects.**

State priorities for BHCIP and CCE:

- Invest in behavioral health and community care options that advance racial equity
- Seek geographic equity of behavioral health and community care options
- Address urgent gaps in the care continuum for people with behavioral health conditions, including seniors, adults with disabilities, and children and youth
- Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization
- Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing homelessness and justice involvement
- Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy
- Leverage county and Medi-Cal investments to support ongoing sustainability
- Leverage the historic state investments in housing and homelessness

Background

California Health & Human Services Agency (CalHHS) infrastructure funding, alongside significant new state and federal investments in homelessness, healthcare delivery reform, and the social safety net, is addressing historic gaps in the behavioral health and long-term care continuum to meet growing demand for services and supports across the life span.

DHCS and CDSS are working in tandem to design and implement two new programs to support infrastructure projects: the BHCIP and the CCE Program.

These investments will ensure care can be provided in the least restrictive settings by creating a wide range of options, including outpatient alternatives, urgent care, peer respite, wellness centers, and social rehabilitation models. A variety of care placements can provide a vital off-ramp from intensive behavioral health service settings and transition individuals, including the most vulnerable and those experiencing homelessness, to community living. Investing in adult and senior care facilities will divert Supplemental Security Income/State Supplementary Payment (SSI/SSP) and/or Cash Assistance Program for Immigrants (CAPI) recipients from homelessness as a key part of the state's strategic multi-agency approach to increase housing options for seniors and people with disabilities.

Behavioral Health Continuum Infrastructure Program

DHCS was authorized through 2021 [legislation](#) to establish BHCIP and award \$2.2 billion to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. DHCS is releasing these funds through six grant rounds targeting various gaps in the state's behavioral health facility infrastructure. This is the third round, and through it, DHCS will award \$518.5 million for launch ready behavioral health infrastructure projects. (Refer to the attached exhibit, *Project Readiness Requirements*, for more information and to prepare for the release of the joint BHCIP/CCE RFA.) Awarded grant funds for BHCIP Round 3: Launch Ready must be obligated by June 2024 and liquidated by December 2026.

BHCIP rounds that have been released in 2021:

- Round 1: Mobile Crisis, \$205M
- Round 2: County and Tribal Planning Grants, \$16M

The remaining BHCIP rounds will be released in 2022:

- Round 3: Launch Ready, \$518.5M
- Round 4: Children & Youth, \$480.5M
- Round 5: BH Needs Assessment Phase One, \$480M
- Round 6: BH Needs Assessment Phase Two, \$480M

Community Care Expansion Program

The CCE program was established by [Assembly Bill No. 172 \(Chapter 20, Statutes of 2021\)](#) and will provide \$805 million in funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve SSI/SSP and Cash Assistance Program for Immigrants (CAPI) applicants and recipients, including those who are experiencing homelessness or at risk of homelessness.

Capital Expansion

- Approximately 75 percent of funds will be made available for capital expansion projects including acquisition, construction, and rehabilitation of residential care settings. Grantees may be approved to use a portion of these funds to establish a capitalized operating subsidy reserve (COSR) for these projects, available for use for up to 5 years.
- Applications for CCE capital expansion project funding will be accepted on a project basis through this joint RFA and funded on a rolling basis until funds are exhausted. A portion of the CCE budget includes federal funding that must be obligated by June 2024 and liquidated by

December 2026. The exact timeline for obligation and liquidation of funds for each funded project will be provided in the grant award announcement.

Preservation, Including Capital Preservation

- Approximately 25 percent of the funds will be made available for rehabilitation to preserve settings that serve the target and prioritized populations, including \$55 million for a COSR for existing licensed facilities, including but not limited to those facilities that receive rehabilitation funding. These funds will be provided to counties and tribes through a direct-to-county and -tribe allocation process that will be announced in January 2022, separate from this joint RFA.

Together, BHCIP and CCE represent the largest provision of resources for behavioral health and social services infrastructure in the state's history and an unprecedented opportunity to address historic gaps in the behavioral health and long-term care continuums in California. Both funding efforts afford counties, tribal entities, nonprofits, and for-profit organizations the ability to expand infrastructure around the entire continuum of care for individuals to meet growing demand for services and supports across the life span.

Technical assistance

Advocates for Human Potential, Inc. (AHP), a consulting and research firm focused on improving health and human services systems, is serving as the administrative entity for both BHCIP and CCE. Founded in 1986, AHP provides research and evaluation, technical assistance (TA) and training, system and program development, and resource development and dissemination. AHP has a growing office in Pasadena and a team of employees in home offices across the country. AHP assists state and local organizations to implement and evaluate a wide range of services focusing on mental health treatment and recovery, substance use disorder (SUD) treatment and prevention, workforce development, homelessness, housing, and criminal justice.

Beginning in January 2022 and as part of the joint RFA process, AHP will provide pre-application consultations and TA to individual applicants. In addition, AHP will offer ongoing general training and TA throughout the life of the project. Applicants will submit a request for a pre-application consultation and complete a survey to indicate their understanding of the project readiness requirements. These include facility siting, permit and licensing requirements, construction plans, oversight and management, and budgeting practices. In addition, applicants will be required to discuss how their proposed project meets local gaps identified through an assessment and addresses the state priorities. An AHP implementation specialist will work with applicants to support them in these areas by connecting them with subject matter experts in real estate, facility financing, and programmatic best practices serving the prioritized or target population to bring targeted TA to applicants and grantees.

The Round 2 funding via BCHIP consisted of a planning RFA for counties. For BHCIP and CCE applicants who received a BHCIP Round 2 Planning Grant, that grant will be considered during the TA planning process in order to leverage local planning. Upon release of the joint BHCIP/CCE RFA, AHP will also conduct informational webinars on topics such as strategies to serve target and prioritized populations, braiding resources to ensure viability, and green/sustainable building practices. Additional information on webinars related to the RFA will be available at <https://www.buildingcalhhs.com/>. This will include topics to help address concerns common to capital development projects serving the prioritized populations, such as best practices related to siting facilities and community collaboration and support.

Eligible entities

Counties, cities, tribal entities (including 638s and urban clinics), nonprofit organizations, for-profit organizations, and private organizations whose projects reflect the state's priorities are eligible to apply for this funding, noting the following stipulations and specifications.

- Proposed projects need to expand community capacity for serving the target and prioritized populations.
 - For BHCIP, this includes the behavioral health (mental health and SUD) population, and projects must make a commitment to serve Medi-Cal beneficiaries.
 - Under CCE, this includes seniors and qualifying adults with disabilities who require long-term care supports, giving priority to applicants and recipients of SSI/SSP and/or CAPI benefits who are at risk of or experiencing homelessness.
- Private organizations, including private real estate developers, with related prior development experience who are collaborating with nonprofit organizations, tribal entities, or counties may apply, but will be required to demonstrate a legal agreement (e.g., memorandum of understanding [MOU]) with the county, tribe, cities, for-profits, or nonprofit organization.

Eligibility considerations

All prospective applicants will be required to engage in a pre-application consultation that will provide an opportunity to discuss proposed projects, match requirements and potential sources of local match, statutory and regulatory requirements, how the project addresses local need/gaps and the state's priorities, and other related considerations. These pre-application consultations will be provided by AHP, in coordination with Community Development Financial Institutions (CDFIs) and real estate development experts.

For BHCIP, Round 3 applications will only be accepted from projects that are determined to be launch ready and whose applications are submitted by the timeline identified in the upcoming joint RFA. Launch ready projects are those for which significant preparation and readiness can be demonstrated in specific areas. Refer to the attached exhibit, *Project Readiness Requirements*, for more information and to prepare for the release of the joint RFA.

For CCE, applications will be accepted and funded on a rolling basis. However, applications will not be funded until applicants have completed all necessary steps in the pre-development phase to ensure their projects are launch ready. Qualified applicants for CCE will have an opportunity to seek funding for pre-development costs through the pre-application consultation process. This may include, but is not limited to, funds to hire an architect to draw construction plans, working with a financial advisor to develop a business plan, and other required pre-development activities.

Funded projects for BHCIP and CCE will demonstrate an understanding of the facility siting and permit and licensing requirements. They will also submit construction plans, evidence of oversight and management in place, and a sound budget consistent with standard development underwriting requirements.

Refer to the attached exhibit, *Project Readiness Requirements*, for more information and to prepare for the release of the joint RFA.

Eligible facility types

The following facility types and subcategories may be considered for project funding through BHCIP or CCE, separately or together.

Outpatient Services (includes a variety of settings delivering clinical support services, but not overnight residential services)		
	BHCIP	CCE
Community wellness centers (including those that are youth focused)	x	
Hospital-based outpatient treatment (outpatient detoxification/withdrawal management)	x	
Intensive outpatient treatment	x	
Narcotic Treatment Programs (NTPs)	x	
NTP medication units	x	
Office-based outpatient treatment	x	
Sobering centers (funded under DMC-ODS and/or Community Supports)	x	

Residential Clinical Programs (includes a variety of settings primarily focused on delivering clinical services; also provide shelter and support, from overnight to many days, weeks, and months)		
	BHCIP	CCE
Acute inpatient hospitals—medical detoxification/withdrawal management (medically managed inpatient detoxification/withdrawal management facility)	x	
Acute psychiatric inpatient facilities	x	
Adolescent residential treatment facilities for SUD	x	
Adult residential treatment facilities for SUD	x	
Chemical dependency recovery hospitals	x	
Children’s crisis residential programs (CCRP)	x	
Community treatment facilities (CTFs)	x	
Crisis stabilization units (CSUs)	x	
General acute care hospitals (GACHs) and acute care hospitals (ACHs)	x	
Mental health rehabilitation centers (MHRCs)	x	
Psychiatric health facilities (PHFs)	x	
Short-term residential therapeutic programs (STRTPs)	x	
Skilled nursing facilities with special treatment programs (SNFs/STPs)	x	
Social rehabilitation facility (SRF)	x	

Residential Support Programs

BHCIP-funded facilities listed here are primarily focused on shelter and support services, from overnight to many months; funded facilities are required to serve Medi-Cal recipients. CCE will fund adult and senior care settings that provide care and support to seniors and adults with disabilities.

	BHCIP	CCE
Peer respite	x	x
Recovery residence/sober living homes	x	x
Adult residential facilities (ARFs)		x
Residential care facilities for the elderly (RCFE)		x
Permanent supportive housing (PSH) that serves the needs of seniors and adults with disabilities (including models that provide site-based care, such as Program for All Inclusive Care for the Elderly [PACE] and the Assisted Living Waiver programs)		x
Other residential care settings that serve the target population, including recuperative care sites		x

Facility types that are not eligible for funding:

- Correctional settings
- Schools

Applicants will be expected to define the types of facilities they will operate and populations they will serve. Evaluation criteria will be used by the state to ensure that a given facility is serving its target population in line with the state priorities. In addition, all applicants must describe the local needs assessment used to justify the proposed expansion. All applicants will be required to demonstrate how the proposed project will advance racial equity. Projects will be required to certify that they will not exclude populations, including those who are justice involved, unless required by state law. In addition, BHCIP grantees with behavioral health facilities that operate Medi-Cal behavioral health services will be expected to have in place a contract with their county to ensure the provision of Medi-Cal services once the funded facility's expansion or construction is complete.

Applicants are encouraged to think broadly about how BHCIP and CCE funds together can be maximized to design person-centered projects based on the needs and gaps within their local systems of care, coupled with the state's priorities. The following are examples of projects that could apply for both programs:

- An adult residential facility (ARF) applies for CCE funding to make the facility ADA accessible and expand capacity to serve additional SSI recipients. The provider also applies for BHCIP funds to add a day treatment, clubhouse, or peer-run/peer-operated center on the property.
- An RCFE applies for CCE funds to add additional beds to serve individuals who are experiencing homelessness and applies for BHCIP funds to add a behavioral health outpatient office within their network for their Medi-Cal population.

- A behavioral health crisis residential facility applies for BHCIP funding to expand facility capacity and CCE funding to create a residential setting that provides step-down residential support services for SSI recipients at risk of homelessness.

Funding parameters and use restrictions

Applicants will be expected to develop a competitive and reasonably priced development budget that will be scored alongside applications for projects of similar setting types and sizes. For example, for CCE, small ARFs will be compared to other small ARFs within the same region. In addition, scoring will take into consideration a focus on the state's priorities, including efforts to advance racial equity.

A financial viability assessment will be conducted, considering continued fluctuations in construction and other costs. Through various TA activities, such as the RFA pre-application consultation, interviews, and financial document review, the state will assess long-term operational sustainability once the capital project is complete and in use for its intended purpose.

Application review and scoring for BHCIP and CCE will provide the opportunity for applicants to receive additional points for the comprehensive use of resources in meeting the needs of the target population.

Applicants will be required to commit to a service use restriction as follows:

- **BHCIP only:** Commitments to provision of services and building use restriction for entire 30-year period
- **CCE only:** Commitments to provision of services and building use restriction for 30-years for new facilities and a 20-year use restriction for capacity expansion for an existing facility

Match

Match guidelines will be set according to applicant type.

- Tribal entities = 5% match
- Counties, cities, and nonprofit providers = 10% match
- For-profit providers and/or private organizations = 25% match

Match in the form of cash and in-kind contributions—such as land or existing structures—to the real costs of the project will be allowed. The state must approve the match source. Cash may come from

- [American Rescue Plan Act \(ARPA\)](#) funds granted to counties and cities,
- Local funding,
- [Mental Health Services Act \(MHSA\)](#) funds in the 3-year plan (considered “other local”),
- Foundation/philanthropic support,
- Loans or investments, or
- Other.

Services will *not* be allowed as match.

Funding regions

Regional funding caps will be established and will be consistent across BHCIP and CCE. However, the methodology for determining the regional funding amounts in each program will be based on the target population for that particular program. For BHCIP, the amounts available per region will be determined

based on the Behavioral Health Subaccount. For CCE, factors relative to the needs of the prioritized population will be used, which may include the distribution of adult and senior care facilities in counties across the state, the number of individuals experiencing homelessness or at risk of homelessness according to the 2019 Point-in-Time (PIT) count, and relative development costs.

In addition, 20 percent of funds available for both BHCIP and CCE will be set aside for use in regions at the state's discretion to ensure funding is effectively aligned with need (for instance, this reserve money may be used to fund high-scoring projects in oversubscribed regions). Another 5 percent of funds will be set aside for tribes. CCE requires that 8 percent of the funds be competitively awarded to small counties with populations of less than 200,000.

Following an initial round of funding allocations (timeframes to be determined by DHCS and CDSS), DHCS and CDSS will conduct periodic reviews of the number of completed applications from each region. Any unspent funds may be considered for viable applications falling outside of the initial allocation priority schedules, geographical divisions, or other initial fund allocation restrictions.

Exhibit: Project Readiness Requirements for BHCIP and CCE

The following standard capital development project requirements will be needed for a project to be considered launch ready. Required documentation will be reviewed with each applicant during the pre-application consultation and must be submitted as part of the application.

- Site control
 - Applicant has clear control of the property to be acquired or rehabilitated, as evidenced by one of the following:
 - Clear title with no encumbrances or limitations that would preclude the proposed use (fee title);
 - Existing long-term lease with provisions to make improvements on the property;
 - A leasehold estate held by a tribal entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs;
 - Fully executed option to purchase, sales contract, or other enforceable agreement to acquire the property;
 - A letter of intent (LOI) that outlines the terms of a sale or lease contract, providing that a fully executed option will be completed within 60 days; or
 - Fully executed option to lease, or similar binding commitment from property owner to agree to a long-term lease.
- Permits
 - Applicant documents understanding of approvals and permitting needed, and the capacity to obtain these approvals and permits, as evidenced by both of the following:
 - Providing detailed information regarding the site of the proposed capital project, including zoning, land use limitations, permissible “as of right” uses, and any approvals or variances that may be required and
 - Including a list of the approvals and permits required to complete the project as described in the construction plan (below), along with the sequences of these approvals and permits.
 - Applicant commits to making initial required applications within 60 days of award, as applicable.
- Licensure/certification
 - Applicant provides documentation of all required certifications/licenses, including those required by the appropriate Department under the California Health & Human Services Agency.
 - For applicable projects that cannot be licensed/certificated by the state and/or local level until they are completed, applicant will demonstrate that they understand the licensing/certification timelines and requirements. Tribal entities that are exempt from state licensing and/or requirements must describe the basis for their exemption, and their plan for meeting programmatic requirements. As part of the technical assistance that will be made available, applicants will be guided through the licensure and certification process.
- Preliminary construction plans
 - Applicant provides preliminary construction plans for proposed project, such as

- Site plan (if applicable);
 - Architectural drawings, blueprints, and/or other renderings; or
 - If no construction plan is yet in place, a valid estimate from an architect, licensed general contractor, or engineer.
- Acquisition and/or construction timeline
 - Acquisition and/or construction should begin within 6 months of award. Applicant should provide a timeline from a licensed general contractor or construction manager to illustrate how this will be achieved.
 - Applications for projects that can start sooner may be rated higher.
- Capacity to meet match requirements (see more information above)
- Approval and engagement
 - Organizational support is indicated by letter from CEO and/or board, county board of supervisors, or tribal council resolution.
 - Operating agreement is executed with the appropriate county or tribal office, as applicable.
 - Applicant provides documentation of active community engagement and support, particularly with people with lived experience. Insights from the community should be included in project planning, design, implementation, and evaluation.
 - Nonprofit or private applicants must include a letter of support from their county behavioral health agency or, if a tribal facility, the tribal board at the time of application or within the grant decision period.
 - BHCIP Only: The letter must indicate that BHCIP grantees that operate Medi-Cal behavioral health services will have in place a contract with their county to ensure the provision of Medi-Cal services once the financed facility's expansion or construction is complete.

Western Placer Unified School District v. The Gathering Inn, et al.
**Petition for Writ of Mandate/Complaint for Declaratory and Injunctive
Relief, Restitution, and Damages**

Exhibit B



DHCS Behavioral Health Continuum Infrastructure Program Launch Ready Grant and CDSS Community Care Expansion Program Joint Request for Applications (RFA)

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Part One: Overview

1.1. INTRODUCTION TO THE GRANT OPPORTUNITY AND FUNDING

California Health and Human Services Agency (CalHHS) infrastructure funding, alongside significant new state and federal investments in homelessness, healthcare delivery reform, and the social safety net, is addressing historic gaps in the behavioral health and long-term care continuum to meet growing demand for services and supports across the life span.

The California Department of Health Care Services (DHCS) and California Department of Social Services (CDSS) are working in tandem to design and implement two new programs to support infrastructure projects: the Behavioral Health Continuum Infrastructure Program (BHCIP) and the Community Care Expansion (CCE) program. These investments will ensure care can be provided in the least restrictive settings by creating a wide range of options including outpatient alternatives, urgent care, peer respite, wellness centers, and social rehabilitation models. A variety of care placements can provide a vital off-ramp from intensive behavioral health service settings and transition individuals—including the most vulnerable and those experiencing or at risk of homelessness—to safe community living. Investing in adult and senior care facilities will divert Supplemental Security Income/State Supplementary Payment (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI) applicants and recipients from homelessness as a key part of California’s strategic multi-agency approach to increase housing options for seniors and persons with disabilities.

DHCS was authorized through 2021 [legislation](#) to establish BHCIP and award approximately \$2.1 billion to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. CDSS oversees CCE, which was established through [Assembly Bill \(AB\) 172](#) (Chapter 696, of Statutes 2021) as a companion effort focused on the acquisition, construction, and rehabilitation of adult and senior care facilities that serve SSI/SSP and CAPI applicants and recipients and other adults who are experiencing or at risk of homelessness.

These combined programs represent the largest such provision of resources for such infrastructure in the state’s history and an unprecedented opportunity to effect meaningful, sustainable change in the behavioral health and long-term care continuums in California.

1.2. PURPOSE AND PROGRAM OBJECTIVES—STATE PRIORITIES

Both BHCIP and CCE are designed to address the following State Priorities:

- Invest in behavioral health and community care options that advance racial equity
- Seek geographic equity of behavioral health and community care options
- Address urgent gaps in the care continuum for people with behavioral health conditions, including seniors, adults with disabilities, and children and youth
- Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization
- Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing homelessness and justice involvement

- Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy
- Leverage county and Medi-Cal investments to support ongoing sustainability
- Leverage the historic state investments in housing and homelessness

DHCS is releasing BHCIP funds through six grant rounds targeting various gaps in the state's behavioral health facility infrastructure.

BHCIP Rounds 1 and 2 were released in 2021:

- Round 1: Mobile Crisis, \$205M (\$55M Substance Abuse and Mental Health Services Administration grant funding)
- Round 2: County and Tribal Planning Grants, \$16M

The remaining BHCIP rounds will be released in 2022:

- Round 3: Launch Ready, \$518.5M
- Round 4: Children & Youth, \$480.5M
- Round 5: Behavioral Health Needs Assessment Phase One, \$480M
- Round 6: Behavioral Health Needs Assessment Phase Two, \$480.7M

Round 3: Launch Ready (\$518.5M), will provide funding to construct, acquire, and rehabilitate real estate assets to expand the behavioral health continuum of treatment and service resources in settings that serve Medicaid (Medi-Cal) beneficiaries. Proposed behavioral health infrastructure projects must demonstrate they have been through a planning process and are ready for implementation. For Round 3: Launch Ready, applications will only be accepted from projects that are determined to be launch ready and are submitted according to the timeline in this RFA (Section 1.4). Awarded grant funds for Round 3: Launch Ready must be obligated by June 2024 and liquidated by December 2026.

The CCE program will provide \$805 million in funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve SSI/SSP and CAPI applicants and recipients, including those who are experiencing or at risk of homelessness.

CCE Capital Expansion

- Approximately 75 percent of funds (\$570,000,000) will be made available for capital expansion projects, including acquisition, construction, and rehabilitation of residential care settings. Grantees may be approved to use a portion of these funds to establish a capitalized operating subsidy reserve (COSR) for these projects, available for use for up to 5 years.
- Applications for CCE Capital Expansion project funding will be accepted on a project-by-project basis through this joint RFA and funded on a rolling basis until funds are exhausted. However, projects that cannot be funded prior to applicable obligation and liquidation deadlines may not be funded. A portion of the CCE budget includes Home and Community-Based Services (HCBS) funding that must be obligated by December 2023 and liquidated by June 2026, as well as State Fiscal Recovery Funds (SFRF) that must be obligated by June 2024 and liquidated by December 2026. The exact timeline for obligation and liquidation of funds for each funded project will be provided in the grant award announcement.



CCE Preservation, Including Capital Preservation

- Approximately 25 percent of the funds will be made available for rehabilitation to preserve settings that currently serve the target populations, including \$55 million for a COSR for existing licensed facilities, including but not limited to those facilities that receive preservation capital funding. These funds will be provided to counties and tribes through a direct-to-county and -tribe allocation process that will be announced separately from this joint RFA.

1.3. AUTHORIZING AND APPLICABLE LAW

BHCIP: [Welfare and Institutions Code, Division 5, Part 7](#)

CCE: [Welfare and Institutions Code, Division 9, Part 6](#), commencing with section 18999.97

1.4. TIMELINE

Table 1a: Timeline for BHCIP Applications

RFA release	January 31, 2022
Pre-application consultations	Beginning February 1, 2022; ongoing
Application portal open	February 15, 2022
Joint RFA informational webinar Please preregister.	February 10, 2022; 10:30 a.m.-12:00 p.m. PT
Frequently asked questions	Updated regularly and posted on website
Deadline for questions	7 days prior to each application due date
Part One application due date*	March 31, 2022
Part Two application due date*	May 31, 2022
Part One Award announcements*	May/June 2022
Part Two Award announcements*	July/August 2022

*See Section 2.2 Application Process (page 6)

Table 1b: Timeline for CCE Applications

RFA release	January 31, 2022
Pre-application consultations	Beginning February 1, 2022; ongoing
Application portal open	February 15, 2022
Joint RFA informational webinar Please preregister.	February 10, 2022; 10:30 a.m.-12:00 p.m. PT
Frequently asked questions	Updated regularly and posted on website
Deadline for questions	Ongoing
Application due date	Accepted on a rolling basis until grant funds are exhausted
Award announcements	Beginning in March 2022 and ongoing
Evaluation of statewide funding redistribution	October 2022

Part Two: Application, Submission, Award

2.1. TOTAL GRANT AMOUNTS

BHCIP Launch Ready: \$518,500,000 is available to construct, acquire, and rehabilitate real estate assets to expand the behavioral health continuum of treatment and service resources in settings that serve Medicaid (Medi-Cal) beneficiaries.

CCE: \$570,000,000 is available for acquisition, construction, and rehabilitation capital expansion projects (“expansion” projects) of residential care settings to expand the community care options that serve seniors and adults with disabilities experiencing or at risk of homelessness.

2.2. APPLICATION PROCESS

BHCIP

Round 3: Launch Ready will be composed of two application parts to balance the needs of projects capable of immediate expansion with applicants who require more time to develop their application. This will offer applicants two potential deadlines for submissions. Applicants in Part One will be evaluated competitively against each other. Round 3: Launch Ready Part One is intended for entities that can submit the application and necessary materials by March 31, 2022. Part One applicants will receive priority. Any remaining funds not awarded in Part One will be available for Part Two applicants. Part Two applicants will be evaluated competitively against each other.

Applications will be accepted electronically beginning February 15, 2022. Applications may not be hand-delivered or mailed. The application and attachments, along with instructions for submittal of the online application, can be found on the [Improving California's Infrastructure website](#). No modified formats will be accepted. The cutoff date for all Part One applications is March 31, 2022, at 5:00 p.m. PT. The cutoff date for all Part Two applications is May 31, 2022, at 5:00 p.m. PT. Applications cannot be edited once submitted. It is the applicant's responsibility to ensure that the submitted application is accurate. Reviewers may request additional clarifying information from the applicant.

CCE

CCE applications will be accepted and reviewed on a rolling basis until all grant funds are exhausted. However, projects that cannot be funded prior to applicable obligation and liquidation deadlines may not be funded.

Applications will be accepted electronically beginning February 15, 2022. Applications may not be hand-delivered or mailed. The application and attachments, along with instructions for submittal of the online application, can be found in the [Improving California's Infrastructure website](#). No modified formats will be accepted. Applications cannot be edited once submitted. It is the applicant's responsibility to ensure that the submitted application is accurate. Reviewers may request additional clarifying information from the applicant.

BHCIP and CCE application process

The application is a public record that is available for public review pursuant to the California Public Records Act (CPRA) (Chapter 3.5 [commencing with Section 6250] of Division 7 of Title 1 of the Government Code). After final awards have been issued, DHCS or CDSS may disclose any materials provided by the applicant to any person making a request under the CPRA. Applicants are cautioned to use discretion in providing information not specifically requested, such as personal phone numbers and home addresses. If the applicant does provide such information, they will be waiving any claim of confidentiality and will have consented to the disclosure of submitted material upon request.

Reasonable Accommodations for BHCIP and CCE: For individuals with disabilities, DHCS or CDSS will provide assistive services such as reading or writing assistance and conversion of the RFA, questions/answers, RFA addenda, or other Administrative Notices in Braille, large print, audiocassette, or computer disk. To request copies of written materials in an alternate format, please send an email to bhcip.cce.info@ahpnet.com or call (323) 545-6202.

DHCS and CDSS will prioritize completed applications by geographic distribution to ensure the equitable and fair distribution of funds (Table 2). Both programs will adopt a regional funding approach, similar to models used in other state-funded capital programs (e.g., Homekey). Counties are assigned to one of seven geographic regions, each with a specific funding amount reserved. The funding amount reserved was determined based on the program-specific methodology described below. Applicants within each region will compete against other applicants in that same region, thereby supporting geographic equity and funding disbursement across the state.

DHCS and CDSS will reserve up to 20 percent of the BHCIP Round 3 funds and CCE Capital Expansion funds to ensure funding is effectively used to address and support the needs of vulnerable populations and gaps within the care continuum, consistent with the State Priorities. For example, the discretionary set-aside may be used to fund high-scoring projects in regions that have met their funding reserve.

Regional Funding Reserve Methodology

For BHCIP funding reserves, a ratio of available Launch Ready funding to the Behavioral Health Subaccount county allocations has been used, with 5 percent set aside for tribal entities.

For BHCIP, following an initial round of funding allocations (timeframes to be determined by DHCS), funds **may** be used for viable applications falling outside of the initial allocation priority schedules, geographical divisions, or other initial fund allocation restrictions.

The CCE regional funding reserve methodology was calculated using the distribution of adult and senior care facilities in counties across the state, the 2019 Homeless Point-in-Time count, and the proportion of SSI/SSP applicants and recipients across the state. Of the total amount of CCE funding provided under this RFA, 8 percent will be competitively awarded to small counties (populations of 200,000 or fewer) and 5 percent of funds will be reserved for tribal communities.

The RFA will be open to CCE applicants on a rolling basis. CDSS has established an initial priority application period from the release date of the CCE application through September 30, 2022. During this prioritization period, CDSS will group applications into one of the seven geographic regions, unless the

application is prioritized for the rural or tribal entity set-asides. This timeframe will allow applicants time to prepare projects and seek relative technical assistance (TA). It also provides CDSS with additional data on the statewide need and interest. After September 30, 2022, CDSS reserves the right to stop grouping applications by geographic region, and instead deploy unused funds from any undersubscribed geographic region(s) to fund subsequent applications statewide.

Table 2: Regions and Counties

Counties by Geographic Distribution	BHCIP Launch Ready Estimated Targeted Funding Levels (less 20% discretionary and 5% tribal set-asides) (Total available: \$394,060,000)	Community Care Expansion Estimated Targeted Funding Levels (less 20% discretionary and 5% tribal set-asides) (Total available: \$430,171,874)
Los Angeles County	\$138,033,407	\$135,281,766
Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma	\$80,110,607	\$85,690,868
Southern California: Imperial, Orange, Riverside, San Bernardino, San Diego, Ventura	\$75,954,578	\$100,473,714
San Joaquin Valley: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare	\$44,552,480	\$45,982,932
Sacramento Area: El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba	\$23,553,889	\$31,914,624
Central Coast: Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz	\$14,912,943	\$15,052,939
Balance of State: Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne	\$16,942,096	\$15,775,031

2.3. PRE-APPLICATION CONSULTATIONS AND TA

Advocates for Human Potential, Inc. (AHP), a consulting and research firm focused on improving health and human services systems, is serving as the administrative entity for both BHCIP and CCE. AHP assists state and local organizations to implement and evaluate a wide range of services focusing on mental health treatment and recovery, substance use disorder treatment and prevention, workforce development, homelessness, housing, long-term services and supports, and criminal justice.

Beginning on February 1, 2022, and as part of the RFA process, AHP will provide a pre-application consultation and individual agency/county TA. In addition, AHP will offer ongoing general training and TA throughout the life of the project. Applicants are required to submit a request for a pre-application consultation and complete a survey to determine their understanding of the RFA requirements. These include facility siting, permit and licensing requirements, construction plans and launch readiness, oversight and management, match requirements, and budgeting practices. In addition, applicants will be required to discuss how their proposed project meets local and/or regional gaps identified through an assessment, as well as how it addresses the state's priorities. An AHP implementation specialist will work with applicants to support them in these areas by connecting them with subject matter experts in real estate, financing, and programmatic best practices serving the prioritized or target population to bring targeted TA to applicants and grantees. Additional information related to pre-application consultation and TA throughout the grant period can be found [online](#).

The Round 2 funding via BHCIP consisted of a planning RFA for counties and tribes for BHCIP and CCE projects. For applicants who have received a BHCIP Round 2 Planning Grant, that grant will be considered during the TA planning process in order to leverage local planning already underway. AHP will also conduct informational webinars on topics such as strategies to serve target and prioritized populations, braiding resources to ensure viability, and green/sustainable building practices. This will include topics to help address concerns common to capital development projects serving the prioritized populations, such as best practices related to siting facilities and strategies for promoting community collaboration and support.

2.4. APPLICATION SCORING CRITERIA

Applications for BHCIP and CCE must meet the following minimum criteria to be considered for award:

- Full and complete application
- Commitment to serve population and to address the gaps identified in the community
- Demonstrated match
- Completed pre-application consultation
- Attested to meet federal, state, and local laws
- Reasonable cost compared to projects within the same region
- Able to expend funds within the required timeline

CCE applicants will be awarded on a rolling basis. Projects that meet the minimum criteria will be eligible to be funded, until all grant funds are committed. BHCIP is a competitive application process. Funding decisions will be based on a variety of factors, including

- Alignment with the State Priorities described in 1.2, above;

- Alignment with local and/or regional needs, gaps, and priorities as described in 3.2, below;
- Alignment with needs and gaps described in the statewide assessment, [*Assessing the Continuum of Care for Behavioral Health Services in California: Data, Stakeholder Perspectives, and Implications*](#);
- Assurance that funds are invested throughout the state;
- Extent to which the project addresses gaps in underserved areas;
- Extent to which the project addresses gaps in underserved populations;
- Review of each project's proposed costs and a determination of reasonableness for the facility type, scope, budget, and schedule of rehabilitation or renovations proposed;
- Degree to which the applicant leverages local funding;
- Ability to use funds within the funding timeline;
- Degree to which the applicant demonstrates long-term sustainability of the proposed project;
- Proposed increase in the number of persons to be served by the expansion;
- Ability to meet match expectations; and
- Degree to which the proposed plan for serving the target population(s) demonstrates the use of established best practices.

Funds awarded pursuant to the program must be used to supplement, and not supplant, other funding available from existing local, state, or federal programs or from grants with similar purposes.

Real Estate Acquisition and Development experts under contract with AHP will conduct financial viability assessments of each applicant's project. Through review of the RFA pre-application consultation, interviews, and financial document review, they will assess long-term operational sustainability (i.e., once the capital project is complete and in use for its intended purpose). TA provided will not factor into the evaluation of the application submitted. Staff providing TA will not be scoring applications.

2.5. AWARD PROCESS

Successful applicants will receive an award letter and a Standard Agreement from AHP, the DHCS and CDSS administrative entity. The agreement must be signed, returned, and fully executed with AHP before initial funding will be awarded.

BHCIP only: Applications that are not funded during Round 3 may be considered for future funding rounds, subject to the requirements and priorities of those rounds. TA will be available to help applicants explore future BHCIP funding rounds, as well as other potential sources of funds to support the proposed projects.

CCE only: Applications that meet the minimum criteria outlined in Section 2.4, eligibility criteria described in Section 3.1, and the eligible uses requirements in Section 3.2 will be considered for funding until all available funds are fully obligated. However, projects that cannot be funded prior to applicable obligation and liquidation deadlines may not be funded. A portion of the CCE budget includes federal funding that must be obligated by June 2024 and liquidated by December 2026. The exact timeline for obligation and liquidation of funds for each funded project will be provided in the grant award announcement. Applicants that are not awarded initially will be provided TA for resubmission, subject to the availability of funds.

2.6. APPEALS

California law does not provide a protest or appeal process against award decisions made through an informal selection method. Applicants submitting a response to this RFA may not protest or appeal the award. All award decisions made by DHCS and CDSS shall be final. Applicants for CCE funds that fail to be awarded initially will be provided TA for resubmission, subject to the availability of funds.

Part Three: Program Requirements

3.1. ELIGIBILITY CRITERIA

Eligible applicants for BHCIP Launch Ready and CCE funds include counties, cities, tribal entities (including 638s and urban clinics), nonprofit organizations, for-profit organizations, and other private organizations, including private real estate developers, whose projects reflect the State Priorities. Each of these entities may apply independently or may apply jointly with another eligible entity as a co-applicant. Co-applicants can include multi-county projects. As allowed or required by context, “applicant” shall be interpreted to include any of the foregoing entities, as well as that entity’s nonprofit or for-profit corporation co-applicant. Upon receiving an award of funds, the eligible applicant and any co-applicant(s) will, both individually and collectively, be referred to as the “grantee” for purposes of this RFA.

Applicants are encouraged to apply for funding from both programs (BHCIP and CCE), as applicable. See Section 3.2 for examples.

Applicants may submit applications with a variety of partners to encourage innovative, comprehensive local and regional approaches. For applicants with partners, including co-applicants, all proposed partners must submit letters of commitment with the application. The required match will be determined by the types of applicants. If a private organization has a collaboration with a county, for example, the project qualifies for the county match amount, as long as supporting documentation is submitted.

Proposed BHCIP Launch Ready projects need to expand community capacity for serving the behavioral health (mental health and substance use disorder [SUD]) population and must make a commitment to serve Medi-Cal beneficiaries. Under CCE, projects need to expand capacity in residential care settings that serve seniors and adults with disabilities who require long-term care supports, with priority for people experiencing or at risk of homelessness who are applicants or recipients of SSI/SSP or CAPI benefits.

Private organizations that do not have prior experience must apply with a partner. These private organizations (including real estate developers) without related prior experience that are collaborating with nonprofit organizations, tribal entities, cities, or counties may apply, with the requirement that the private organization must have

- A Memorandum of Understanding (MOU) or other agreement with the nonprofit organization, tribal entity, city, or county to confirm the private organization’s role in the project, including that they are working on behalf of the service provider, and

- Related prior experience, reflected in the successful development, ownership, or operation of a relevant project for individuals who qualify as members of the target population.

3.2. ELIGIBLE USES

Eligible facility types for BHCIP Launch Ready projects must expand the community continuum of behavioral health treatment resources to build new capacity or expand existing capacity for short-term crisis stabilization, acute and sub-acute care, crisis residential, community-based mental health residential, SUD residential, peer respite, mobile crisis, community and outpatient behavioral health services, and other clinically enriched longer-term treatment and rehabilitation options for persons with behavioral health disorders in an appropriate and least restrictive and least costly setting.

Eligible settings for CCE include residential settings that expand the long-term care continuum and serve the target population, including but not limited to licensed adult and senior care facilities, recuperative or respite care settings, and independent residential settings. Facilities funded by regional centers are not eligible for CCE funds.

Applicants will be expected to define the types of facilities or settings they will operate and populations they will serve. Evaluation criteria will be used by the state to ensure that a given project is serving its target population in line with the State Priorities. In addition, all applicants must share data to demonstrate project need. This may include, for example, a local county/tribal/provider needs assessment, a facility wait list, the number of comparable facilities in the area, or other quantifiable documentation. Applicants will be required to demonstrate how the proposed project will advance racial equity and will be required to certify that they will not exclude populations, including those who are justice involved, unless required by state law. In addition, BHCIP-funded behavioral health facilities, as applicable, must provide Medi-Cal behavioral health services and will be expected to have in place a contract with their county to ensure the provision of Medi-Cal services once the funded facility's expansion or construction is complete.

Applicants are encouraged to think broadly about how BHCIP and CCE funds together can be maximized to design person-centered projects based on the needs and gaps within their local systems of care, coupled with the state's priorities. The following are examples of projects that could apply for both programs:

- An adult residential facility (ARF) applies for CCE funding to make the facility Americans with Disabilities Act (ADA) accessible and expand capacity to serve additional SSI/SSP or CAPI applicants and recipients. The provider also applies for BHCIP funds to add a day treatment, clubhouse, or peer-run/peer-operated center on their property.
- A residential care facility for the elderly (RCFE) applies for CCE funds to add additional beds to serve individuals who are experiencing homelessness and applies for BHCIP funds to add a behavioral health outpatient office within their network for their Medi-Cal population.
- A behavioral health crisis residential facility applies for BHCIP funding to expand facility capacity and CCE funding to create a residential setting that provides step-down residential support services for SSI/SSP or CAPI applicants and recipients at risk of homelessness.

The following facility types and subcategories may be considered for project funding through BHCIP or CCE, separately or together.

Outpatient Services (includes a variety of settings delivering clinical support services, but not overnight residential services)		
	BHCIP	CCE
Community wellness centers (including those that are youth focused)	x	
Hospital-based outpatient treatment (outpatient detoxification/withdrawal management)	x	
Intensive outpatient treatment	x	
Narcotic Treatment Programs (NTPs)	x	
NTP medication units	x	
Office-based outpatient treatment	x	
Sobering centers (funded under DMC-ODS and/or Community Supports)	x	

Residential Clinical Programs (includes a variety of settings primarily focused on delivering clinical services; also provide shelter and support, from overnight to many days, weeks, and months)		
	BHCIP	CCE
Acute inpatient hospitals—medical detoxification/withdrawal management (medically managed inpatient detoxification/withdrawal management facility)	x	
Acute psychiatric inpatient facilities	x	
Adolescent residential treatment facilities for SUD	x	
Adult residential treatment facilities for SUD	x	
Chemical dependency recovery hospitals	x	
Children’s crisis residential programs (CCRP)	x	
Community treatment facilities (CTFs)	x	
Crisis stabilization units (CSUs)	x	
General acute care hospitals (GACHs) and acute care hospitals (ACHs)	x	
Mental health rehabilitation centers (MHRCs)	x	
Psychiatric health facilities (PHFs)	x	
Short-term residential therapeutic programs (STRTPs)	x	
Skilled nursing facilities with special treatment programs (SNFs/STPs)	x	
Social rehabilitation facilities (SRFs)	x	

Residential Support Programs (BHCIP-funded facilities listed here are primarily focused on shelter and support services, from overnight to many months; funded facilities are required to serve Medi-Cal recipients. CCE will fund adult and senior care settings to provide care and support to seniors and adults with disabilities.)		
	BHCIP	CCE
Peer respite	x	x
Recovery residence/sober living homes	x	x
Adult residential facilities (ARFs)		x
Residential care facilities for the elderly (RCFEs)		x

Permanent Supportive Housing that serves the needs of seniors and adults with disabilities (including models that provide site-based care, such as Program for All Inclusive Care for the Elderly [PACE] and the Assisted Living Waiver programs)		x
Other residential care settings that serve the target population, including recuperative care sites		x

Facility types that are not eligible for funding:

- Correctional settings
- Schools
- Facilities funded by regional centers (CCE only)

3.3. MATCH

Applicants will be required to provide matching funds as part of the project. Match requirements are set according to applicant type.

- Tribal entities = 5% match
- Counties, cities, and nonprofit providers = 10% match
- For-profit providers and/or private organizations = 25% match

In order to incentivize local partnerships while also helping to expedite projects, for-profit providers who partner with tribes, counties, cities, or nonprofit providers will be eligible for the lower match. For example, a sole proprietor operating a small ARF that has partnered with a county will have a match requirement of 10%.

Match in the form of cash and in-kind contributions—such as land or existing structures—to the real costs of the project will be allowed for both BHCIP and CCE. The state must approve the match source. Cash may come from

- [American Rescue Plan Act \(ARPA\)](#) funds granted to counties and cities,
- Local funding,
- [Mental Health Services Act \(MHSA\)](#) funds in the 3-year plan (considered “other local”),
- [Opioid Settlement Funds](#) for SUD facilities (BHCIP only),
- Foundation/philanthropic support,
- Loans or investments, or
- Other.

Real property in the form of publicly or privately owned or donated land and/or buildings owned may count as match. Examples include

- Unused city or county buildings,
- Buildings originally intended for another purpose,
- Surplus land,
- State property, and
- Land trust.

Services will not be allowed as match.

3.4. GENERAL PROGRAM REQUIREMENTS

To be eligible to receive funding, projects must meet the following requirements as they relate to the applicant and project types. Refer to Section 3.5 for additional information on eligible pre-development funding.

Site control: Applicant has clear control of the property to be acquired or rehabilitated, as evidenced by one of the following:

- Clear title with no encumbrances or limitations that would preclude the proposed use (fee title);
- Existing long-term lease for the required use restriction period, with provisions to make improvements on the property;
- A leasehold estate held by a tribal entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs;
- Fully executed option to purchase, sales contract, or other enforceable agreement to acquire the property;
- A letter of intent (LOI) that outlines the terms of a sale or lease contract, providing that a fully executed option will be completed within 60 days; or
- Fully executed option to lease, or similar binding commitment from property owner to agree to a long-term lease for the required use restriction period.

Permits

- Applicant documents understanding of approvals and permitting needed, and the capacity to obtain these approvals and permits, as evidenced by both of the following:
 - Providing detailed information regarding the site of the proposed capital project, including zoning, land use limitations, permissible “as of right” uses, and any approvals or variances that may be required and
 - Including a list of the approvals and permits required to complete the project as described in the construction plan (below), along with the sequences of these approvals and permits.
- Applicant commits to making initial required applications within 60 days of award, as applicable.

Licensure/certification

- Applicant provides documentation of all required certifications/licenses, including but not limited to those required by the appropriate department under CalHHS.
- For applicable projects that cannot be licensed/certified by the state and/or local level until they are completed, applicant will demonstrate that they understand the applicable licensing/certification timelines and requirements. Tribal entities that are exempt from state licensing and/or requirements must describe the basis for their exemption and their plan for meeting programmatic requirements. As part of the TA that will be made available, applicants may receive information and guidance about the licensure and certification process.

Preliminary construction plans for proposed project, such as

- Site plan (if applicable);

- Architectural drawings, blueprints, and/or other renderings;
- If no construction plan is yet in place, a valid cost estimate from an architect, licensed general contractor, or engineer.

Acquisition and/or construction timeline

- Acquisition should begin within approximately 6 months of award. Development must begin immediately after acquisition and be completed within the approved timeline. Applicant should provide a timeline from a licensed general contractor or construction manager to illustrate how this will be achieved.
- Applications for projects that can start sooner may be rated higher.

Capacity to meet match requirements (see Section 3.3)

Approval and engagement

- Organizational support is indicated by a letter from the CEO and/or board, county board of supervisors, or tribal council resolution, as applicable.
- Applicant provides documentation of active community engagement and support, particularly with people with lived experience. Insights from the community should be included in project planning, design, implementation, and evaluation. Examples may include survey results, notes taken during stakeholder engagement sessions, etc.
- **BHCIP Launch Ready only:** City, nonprofit, or private applicants must include a letter of support from their county behavioral health agency or, if a tribal facility, the tribal board at the time of application or within the grant decision period.
 - The letter must indicate that BHCIP grantees that operate Medi-Cal behavioral health services will have in place a contract with their county to ensure the provision of Medi-Cal services once the financed facility's expansion or construction is complete.

Service use restriction

Applicants will be required to commit to a service use restriction as follows:

- BHCIP: Commitments to provision of services and building use restriction for entire 30-year period.
- CCE: Commitments to provision of services and building use restriction for 30 years for new facilities and a 20-year use restriction for capacity expansion for an existing facility.

3.5. PRE-DEVELOPMENT (CCE ONLY)

Prospective applicants that demonstrate viable projects via the pre-application consultation with real estate TA from the grant administrator or its Community Development Financial Institution (CDFI) partners may have the opportunity to apply for pre-development costs within the RFA using CCE funds only.

Examples may include but are not limited to:

- Hiring a development team (lawyer, architect, owner's representative or construction manager)
- Physical needs assessment

- Feasibility study
- Site plan
- Environmental survey (Phase 1 & 2 reports)
- Schematic and construction drawing and architectural plans
- Construction cost estimates
- Preliminary engineering/dry utilities
- Stakeholder coordination
- Preliminary development budgets
- Basic underwriting

3.6. BUDGET DEVELOPMENT

Applicants are required to submit a budget with their BHCIP Launch Ready and CCE applications to assist DHCS/CDSS in establishing reasonableness of the final amount awarded. Applicants are encouraged to use the BHCIP Launch Ready and CCE budget templates in Attachment A (Form 1) to create a budget and will be asked to insert the budget figures as part of the online application process. All items budgeted must be inclusive of all costs, including taxes and fees, in U.S. dollars. If an applicant has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the applicant may use its current NICRA. Alternatively, if the applicant does not have a NICRA, the applicant may elect to use a rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).

3.7. CAPITALIZED OPERATING SUBSIDY RESERVE (COSR) (CCE)

CCE applicants may request a portion of their funds be used for a COSR. A COSR can be an essential component of development projects serving households with very low incomes. The COSR helps to ensure continued operations and long-term sustainability of capital projects like CCE. CCE projects wishing to use funds from the project development budget for a COSR will be required to create a Funding and Disbursement Agreement (FDA). The COSR can be used to cover operational costs associated with utilities, maintenance and repairs, taxes and insurance, and staff, among others. CCE COSR funds will be capitalized in the applicant's development budget, helping to mitigate risk among long-term project investors. A COSR is available for use for up to 5 years from the time operations in the new or expanded facility begin; future funding streams should be included in the project development budget, in the event that the facility carries an operating deficit after the 5-year CCE COSR timeframe ends.

3.8. ACCESSIBILITY AND NON-DISCRIMINATION

All developments shall adhere to the accessibility requirements set forth in California Building Code chapters 11A and 11B and the Americans with Disabilities Act, Title II. In addition, developments shall adhere to either the Uniform Federal Accessibility Standards (UFAS), 24 CFR Part 8, or the U.S. Department of Housing and Urban Development's (HUD) modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 FR 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the

maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Part 8.26.

Grantees shall adopt a written non-discrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), justice system involvement (except where explicitly required by law), or arbitrary characteristics, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this RFA. Nor shall all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this RFA.

Grantees shall comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code Section 11135, Section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

3.9. STATE & FEDERAL PREVAILING WAGE

A project funded by a BHCIP or CCE grant is a “public work” if the applicant intends to use the BHCIP and/or CCE funds for the “[c]onstruction, alteration, demolition, installation, or repair” of a building or structure (Cal. Lab. Code section 1720(a); Cal. Lab. Code section 1750(b)(1)). Applicants using BHCIP and/or CCE grants to fund public works are subject to California’s prevailing wage and working hours laws (Division 2, Part 7, Chapter 1 of the California Labor Code) and the applicant’s project is subject to compliance monitoring and enforcement by the Department of Industrial Relations (Cal. Lab. Code section 1771.4(a)(1)).

If DHCS or CDSS selects an applicant to receive a BHCIP and/or CCE grant and the applicant is using the grant to fund a public work, then the applicant shall submit a Certification of Compliance to the awarding department (i.e., DHCS or CDSS) certifying that the applicant shall comply with California’s prevailing wage and working hours laws (including posting job notices, as required by Labor Code section 1771(a)(2)) and all applicable federal prevailing wage laws. The Certification of Compliance shall also state that the applicant shall maintain its labor records in compliance with all applicable state and federal laws (Cal. Lab. Code section 1776), and shall make all labor records available to the Department of Industrial Relations, and any other applicable enforcement agencies upon request (Cal. Lab. Code section 1771.4(a)(3)). The Certification of Compliance shall be signed by the general contractor(s) and the applicant.

If DHCS or CDSS selects an applicant to receive a BHCIP and/or CCE grant and the applicant is not using the grant to fund a public work, then the applicant shall submit a Certification of Inapplicability to the awarding department (i.e., DHCS or CDSS) explaining why the project is not a public work as defined by

California Labor Code section 1720. The Certification of Inapplicability shall be signed by the general contractor(s) and the applicant.

An applicant shall not receive the BHCIP and/or CCE funds from the awarding department (i.e., DHCS or CDSS) until the awarding department has received and approved the applicant's Certification of Inapplicability or Certification of Compliance.

3.10. EXEMPTIONS

In accordance with California Welfare and Institutions Code sections 5960.3 and 18997.97(l), projects funded by a BHCIP or a CCE grant are

1. Deemed to be consistent with and in conformity with any applicable local plan, standard, or requirement;
2. Deemed to be allowed as a permitted use within the zone in which the structure is located; and
3. Not subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals.

3.11. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) EXEMPTION (BHCIP ONLY)

CEQA shall not apply to a project funded by BHCIP if that project meets the requirements outlined in California Welfare and Institutions Code section 5960.3(b). Applicants shall determine if they meet the requirements outlined in section 5960.3(b) to qualify for the exemption from CEQA. And, in accordance with section 5960.3(c), if an applicant determines that it qualifies for the exemption from CEQA, then the applicant shall file a Notice of Exemption with the Office of Planning and Research and the clerk of the county in which the project is located in the manner specified in subdivisions (b) and (c) of section 21152 of the Public Resources Code, and the applicant shall provide DHCS with a copy of the filed Notice of Exemption. If the applicant determines that CEQA applies to its project, the applicant shall provide DHCS with copies of all appropriate documentation demonstrating the project's compliance with CEQA once the applicant has received project approval.

DHCS is not responsible for determining if applicants meet the CEQA exemption requirements set forth in section 5960.3(b). Furthermore, DHCS is not responsible for filing a section 5960.3(c) notice of exemption on behalf of an applicant.

3.12 LOW-RENT HOUSING PROJECT EXEMPTION

In accordance with California Welfare and Institutions Code sections 5960.35(b)(1) and 18999.98, a project funded with a BHCIP or a CCE grant shall not be considered a "low-rent housing project," as defined in Section 1 of Article XXXIV of the California Constitution, if the project meets any one of the following criteria:

1. The project is privately owned housing, receiving no ad valorem property tax exemption, other than exemptions granted pursuant to subdivision (f) or (g) of Section 214 of the Revenue and Taxation Code, not fully reimbursed to all taxing entities, and not more than 49 percent of the dwellings,

apartments, or other living accommodations of the project may be occupied by persons of low income;

2. The project is privately owned housing, is not exempt from ad valorem taxation by reason of any public ownership, and is not financed with direct long-term financing from a public body;
3. The project is intended for owner-occupancy, which may include a limited-equity housing cooperative as defined in Section 50076.5 of the Health and Safety Code, or cooperative or condominium ownership, rather than for rental-occupancy;
4. The project consists of newly constructed, privately owned, one-to-four-family dwellings not located on adjoining sites;
5. The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units;
6. The project consists of the rehabilitation, reconstruction, improvement or addition to, or replacement of, dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower-income households, as defined in Section 50079.5 of the Health and Safety Code; or
7. The project consists of the acquisition, rehabilitation, reconstruction, improvement, or any combination thereof, of a project which, prior to the date of the transaction to acquire, rehabilitate, reconstruct, improve, or any combination thereof, was subject to a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households and maintains, or enters into, a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households.

If a project funded with a BHCIP or CCE grant is a “low-income housing project” as defined by Section 1 of Article XXXIV of the California Constitution but does not meet any of the criteria listed above, then the applicant shall comply with the requirements set forth in that section of the California Constitution.

Part Four: Program Operations

4.1. PROGRAM OVERSIGHT AND REPORTING

As specified by DHCS or CDSS and upon request, grantees shall provide progress reports in connection with the approved timeline, statement of work (SOW), and budget and any updates to the timeline for completion of the project. The progress reports should include the project’s completion milestones and any updates or substantial changes. Grantees shall promptly notify DHCS or CDSS of any changes in grantee organization, authorization, or capacity. This information will be outlined in the Standard Agreement.

Grantees are required to meet BHCIP Launch Ready, CCE program, and other state and federal reporting, financial, and administrative requirements, as well as submit required reporting data through an online grantee data portal. Reporting requirements will include quarterly reports and a final report, along with an annual BHCIP Launch Ready or CCE Program and Expenditure Report for 5 years following Standard Agreement execution. The annual report will be due no later than January 31 for the prior

calendar year of January 1 to December 31. The reports and data entered in the grantee data portal shall be in such form and contain such information as required by DHCS or CDSS, as appropriate, in its sole and absolute discretion. Funding will be contingent upon provision of submission of data and reporting. These requirements will be fully detailed upon award.

In addition to the foregoing, each grantee shall submit to DHCS or CDSS such periodic reports, updates, and information as deemed necessary by DHCS or CDSS to monitor compliance and/or perform program evaluation. Any requested data or information shall be submitted in electronic format in a format provided by DHCS or CDSS.

Additional reporting requirements may be required by DHCS and CDSS for up to 30 years after completion of project construction.

4.2. DISBURSEMENT OF GRANT FUNDS

The Standard Agreement will set forth the general conditions for disbursement. Once the Standard Agreement between the applicant and AHP is fully executed, an initial payment will be issued directly to the applicant to begin development activities. Subsequent funding will be released following the verified completion of project milestones and deliverables and the submission of required documentation and reports. More details regarding the funding and disbursement process will be provided upon award.

Grantees will be responsible for submitting invoices and ensuring expenses are allowable and have sufficient backup documentation. Grantees shall ensure that the expenditure of BHCIP Launch Ready or CCE program funds is consistent with the requirements of the relevant program.

The BHCIP Launch Ready and CCE program teams will monitor the expenditures to ensure they comply with this RFA and may conduct desk or site audits. The teams may also request the repayment of funds or pursue any other remedies available, at law or in equity, for failure to comply with program requirements.

Part Five: Attachments

Attachment A: Application

Form 1: Budget template

Form 2: Budget narrative and definition of terms

Form 3: Schematic design checklist

Form 4: Design/acquisition/construction milestone schedule

Form 5: Development team description/contact form

Form 6: Community engagement form

Form 7: Applicant's certification

Attachment B: Pre-Application Consultation Process

Western Placer Unified School District v. The Gathering Inn, et al.
**Petition for Writ of Mandate/Complaint for Declaratory and Injunctive
Relief, Restitution, and Damages**

Exhibit C

PROGRAM FUNDING AGREEMENT

SUMMARY COVER SHEET

Program Funding
Agreement ID

7480-CA CCE - XXX -01-G

Program Agreement
Effective Date:

Program Funding
Agreement Manager:

HORNE LLP (Horne)
661 Sunnybrook Rd., Suite 100, Ridgeland, MS 39157

Horne Engagement Partner: Anna Stroble

Sponsor:

xxx ("XXX")
ATTN:
Address:
Phone:
Email address:

Prime Contract
Identification:

California Department of Social Services
Agreement No.: 22-3100
Contract Title: *Community Care Expansion (CCE)*

Contract Type:

Deliverable Based Type Contract Base Performance Period:

Consideration/Budget:

Capital Construction
Not to Exceed \$XXXX

Billing Terms:

See Attachment F-Payment Schedule

Payment Terms:

Payment remitted thirty (30) days after receipt of undisputed invoice

Program Funding Agreement Cover Sheet

(this page is not part of the Program Funding Agreement
and is for summary/reference purposes only)

This Program Funding Agreement (the “**Agreement**”) is entered into _____, 2023 (the “**Effective Date**”), by and between **HORNE LLP**, a Delaware limited liability partnership, with offices located at 661 Sunnybrook Rd., Suite 100, Ridgeland, MS 39157 (“**Horne**”), and **XXX**, a (state of formation) (entity type) with offices at **ADDRESS** (“**XXX**” or “**Sponsor**”). Horne and Sponsor may be referred to separately as a “**Party**” or collectively as “**Parties**.”

RECITALS

A. Horne entered into an agreement with the State of California (the “State”) through the California Department of Social Services (“CDSS”) to facilitate program funding awards and provide services to CDSS as the third-party administrator of the CDSS Community Care Expansion Program (“Program”). The agreement between CDSS and Horne shall hereinafter be referred to as the “Prime Contract” or “CDSS Contract”;

B. The purpose of the Program is to preserve and expand access to long-term care services for seniors and adults with disabilities in the least restrictive settings, prioritizing applicants and recipients of Supplemental Security Income/State Supplementary Payment (“SSI/SSP”) and Cash Assistance Program for Immigrants (“CAPI”) who are experiencing or at risk of homelessness;

C. Pursuant to the requirements of the Program and CDSS guidelines, qualified grantees or entities shall use program fund awards to expand or preserve the capacity of eligible residential adult and senior care settings by the acquisition, construction, renovation or other physical improvement of real property, infrastructure, or facilities;

D. Pursuant to the requirements of the Program and CDSS guidelines, certain grantees may use a portion of Program fund awards to establish a capitalized operating subsidy reserve (“COSR”) to cover potential or projected operating deficits on a facility that is deed restricted to provide licensed residential care for at least the term of the COSR;

E. In response to that certain Request for Applications issued by a previous agent on behalf of CDSS on or about January 21, 2022 (the “RFA”) for the Program, Sponsor submitted an application (“Application”) to construct the project described in the current Statement of Work, Attachment E hereto (“SOW”), located at _____ (the “Project”); and Sponsor has been awarded program funds for the Project in an amount not to exceed _____ (\$XXXX) (“Program Funds”), and a COSR for the operation of the facility in an amount not to exceed _____ Dollars (\$XXXX);

F. The COSR, if any, shall be awarded to Sponsor, subject to the terms of a Capitalized Operating Subsidy Reserve Agreement between Sponsor and Horne, the form of which is attached hereto as Attachment L; and

G. This Agreement sets forth the terms and conditions of Horne’s administration and management of the Program Funds and Sponsor’s duties and obligations related to its receipt of Program Funds. Capitalized terms not defined herein, shall have the meanings ascribed thereto in the California Welfare and Institutions Code sections 18999.97–18999.98.

NOW, THEREFORE, based upon the foregoing, and in consideration of the mutual covenants and agreements herein set forth, the Parties agree as follows:

ARTICLE 1.
AUTHORITY

California Assembly Bill 172 (Chapter 696, Statutes of 2021) (“AB 172”) added sections 18999.97-18999.98 to the Welfare and Institutions Code providing the statutory basis for the Program. CDSS issued the RFA for the Program Funds and Horne provides pre-application consultation, technical assistance, general training and support on individual CCE projects, as well as administration and fund management. Program Funds are derived from the State of California General Fund.

This Agreement is entered under the authority of and in furtherance of the Program. This Agreement is the result of the Application by Sponsor for funding under the Program.

This Agreement hereby incorporates by reference Sponsor’s approved Application, as well as any report prepared by Horne in reliance on the representations and descriptions included in that Application. This Agreement is governed by the following (collectively, the “Program Requirements”), and each of the following, as amended and in effect from time to time, is hereby incorporated by this reference as if set forth herein in full:

- 1.1 AB 172 (Chapter 696, Statutes of 2021), including any subsequent amendments to the statutes contained therein;
- 1.2 The RFA, in the form attached to this Agreement as Attachment M;
- 1.3 California Welfare and Institutions Code sections 18999.97–18999.98;
- 1.4 Guidance issued by CDSS regarding the Program;
- 1.5 Program Guidelines, or Program Manuals, as adopted by CDSS, and as may be amended from time to time;
- 1.6 The award letter issued by CDSS to Sponsor (“Award Letter”) attached to this Agreement as Attachment N; and
- 1.7 All other applicable law, including, but not limited to, California Labor Code statutes applicable to public works projects.

Sponsor is solely responsible and liable for Sponsor and Sponsor’s subcontractors’ performance and compliance with this Agreement, the above-referenced Program Requirements, and all other local, state, and federal laws applicable to the Project.

ARTICLE 2.
TERM

- 2.1 This Agreement shall commence on the Effective Date and shall expire automatically on June 30, 2029 (the “Expiration Date”), which Expiration Date may be extended by Horne or CDSS; (the period from the Effective Date through the Expiration Date shall be referred to herein as the “Term”), unless earlier terminated by Horne or CDSS or assigned to CDSS pursuant to Section 2.3 below.
- 2.2 Upon the expiration of the Term, there shall be no extension or renewal of the Term of this Agreement, unless the Parties and CDSS otherwise agree in writing.
- 2.3 In the event that the Term of this Agreement is not extended, renewed, or terminated early, and either Party hereto shall have a material obligation to the other Party by the terms of this Agreement, which shall not be satisfied on or before the Expiration Date, all of Horne’s rights and obligations under this Agreement shall be assigned to CDSS, if directed by CDSS, effective June 30, 2029, at 11:59 p.m. Each of the Parties hereto acknowledge and agree that upon the occurrence of an assignment pursuant to this Section 2.3, such an assignment shall be effective without any further action by either Party hereto, or CDSS, and from and after the date of such an assignment: (i) CDSS shall be a Party to this Agreement and shall have all rights and obligations of Horne hereunder and (ii) Horne shall cease to be a Party to this Agreement and shall be released from its obligations hereunder. Upon the occurrence of such assignment, the Term of this Agreement shall be extended automatically for a period of one (1) year and shall expire without any further action by either Sponsor or CDSS, unless Sponsor and CDSS otherwise agree in writing.
- 2.4 In the event that the Prime Contract is terminated or amended in a manner removing Horne from responsibility as a Party to this Agreement, and either Party hereto shall have a remaining obligation to the other Party by the terms of this Agreement, which shall not be satisfied on or before the Expiration Date, all of Horne’s right and obligations under this Agreement shall be assigned automatically to CDSS effective upon the date of the termination or amendment.
- 2.5 Notwithstanding the foregoing or anything to the contrary contained herein, Horne and/or CDSS shall have the termination rights as set forth in Article 9 and Article 10, of this Agreement.

ARTICLE 3.
PROGRAM FUNDS

Sponsor has been awarded the Program Funds in the amount set forth in this Agreement to be used solely for the purposes set forth in this Agreement and as detailed in the SOW and for no other purposes. Sponsor shall be responsible for any costs to complete the Project in excess of the Program Funds award amount. Sponsor shall return any excess or remaining Program Funds

to the State of California upon completion of the Project. Notwithstanding the foregoing, Sponsor may be awarded a COSR to cover deficits in operating expenses attributable to the Project; and the COSR will be subject to the terms of a Capitalized Operating Subsidy Reserve Agreement between Sponsor and Horne, the form of which is attached hereto as Attachment L.

ARTICLE 4.

CONDITIONS OF CLOSING AND DISBURSEMENT

This Agreement shall be subject to the conditions precedent to closing set forth in Section 4.1 below. Horne shall disburse the Program Funds to Sponsor upon satisfaction of the requirements described in Section 4.2 below. Program Funds disbursed for real property acquisition shall be disbursed only upon satisfaction of the requirements in Section 4.2 and the additional requirements of Section 4.3 below. Program Funds to be disbursed for construction costs shall be disbursed only upon satisfaction of the requirements of Section 4.2 and the additional requirements described in Section 4.4 below. Thereafter, Program Funds shall be disbursed to Sponsor for costs incurred for the Project within thirty (30) days of receipt of a complete request for Program Funds, provided such request for funds is approved by Horne or its designee.

- 4.1 Conditions Precedent to Effectiveness of this Agreement. This Agreement shall not become effective until the following have been submitted by Sponsor and approved by Horne:
 - 4.1.1 A fully executed copy of this Agreement, including all Attachments;
 - 4.1.2 An executed copy of Certification: Related Party & Related Party Transaction Disclosure;
 - 4.1.3 A completed Government Agency Taxpayer ID Form;
 - 4.1.4 An authorizing resolution or set of authorizing resolutions that, in Horne's reasonable determination, materially comports with the Program Requirements.
 - 4.1.5 Unless Sponsor is acquiring real property for the construction or operation of the Project, in which event Sponsor shall be subject to the requirements as described in Section 4.3.5.1, a certified copy of a recorded Declaration of Restrictions in the form attached to this Agreement as Attachment I, or deposit with Escrow Agent for recordation upon the mutual execution and release of this Agreement of a Declaration of Restrictions in such form, which shall be recorded against the real property upon which the Project is to be constructed or operated; provided that, in the event that the Project is being constructed or operated on a leasehold interest, which lease must be for a term of not less than thirty (30) years, the Sponsor shall record the Declaration of Restrictions against the leasehold and the fee interest to the real property upon which the Project is to be constructed or operated;
 - 4.1.6 Unless Sponsor is acquiring real property for the construction or operation of the Project, in which event Sponsor shall be subject to the requirements

as described in Section 4.3.5.2, a certified copy of a recorded Performance Deed of Trust in the form attached to this Agreement as Attachment J, or other real estate instrument required by CDSS or deposit with Escrow Agent for recordation upon the mutual execution and release of this Agreement of a Performance Deed of Trust in such form; provided that, in the event that the Project is being constructed or operated on a leasehold interest, which lease must be for a term of not less than either twenty (20) years for existing facility capacity expansion projects or thirty (30) years for new facility construction projects, the Sponsor shall record the Performance Deed of Trust against the leasehold and the fee interest to the real property upon which the Project is to be constructed or operated; and deliver to Horne within five (5) days after recordation an ALTA Lender's Policy of Title Insurance showing the Performance Deed of Trust in the lien priority, such policy in a form approved by Horne and only subject to such title exceptions as are approved by Horne, its designee, or CDSS;

- 4.1.7 Certificates of insurance evidencing coverages required by this Agreement and naming Horne and CDSS as additional insureds;
- 4.1.8 A title report reflecting all existing liens, encumbrances, taxes owed, easements, covenants or any other restrictions on the real property upon which the Project is to be constructed or operated. If Sponsor's interest in the real property upon which the Project is to be constructed or operated is a leasehold, then Sponsor shall provide a current title report for the leasehold interest and the fee interest. For tribal trust land, Sponsor shall provide a certified Title Status Report ("TSR") from the U.S. Department of the Interior Bureau of Indian Affairs ("BIA") or an attorney's opinion regarding chain of title and current title status;
- 4.1.9 A signed opinion letter from Sponsor's legal counsel opining that this Agreement, the Declaration of Restrictions, the Performance Deed of Trust, and the Program Requirements do not conflict with any existing contract, agreement, or other requirement applicable to Sponsor, the property upon which the Project is to be constructed or operated, or the Project, and are otherwise enforceable against Sponsor; and such opinion letter shall be in the form and substance acceptable to Horne and CDSS, in their sole discretion.

4.2 Requirements for Disbursement of Program Funds. No Program Funds shall be released to Sponsor for any Project costs until Sponsor submits, and Horne approves, the documents described below for each Program Funds request, and any additional supporting information as may be required:

- 4.2.1 The Sponsor's request for funds, with all required supporting documents appended thereto;

4.2.2 Delivery of all items listed in Attachment H required for the disbursements of Program Funds.

4.3 Requirements for Disbursement of Program Funds for Acquisition Costs. No Program Funds shall be released to Sponsor for any Project costs related to the acquisition of real property until Sponsor satisfies the requirements described in Section 4.2 above, and Sponsor submits, and Horne approves, all documents described in this Section 4.3, and any additional information as may be required by Horne. Program Funds disbursed for acquisition of real property will be deposited directly into an escrow account opened by Sponsor for the transfer of title of the real property with Old Republic Title Company, unless another title company is approved by Horne.

4.3.1 A fully executed purchase and sale agreement or other agreement evidencing Sponsor's right to acquire the property upon which the Project is to be constructed or operated;

4.3.2 A written appraisal report setting forth an opinion of fair market value of the real property upon which the Project is to be constructed or operated prepared by a certified general appraiser licensed in the State of California ("Certified Appraisal Report"), which shall be in a form and substance acceptable to Horne and dated no more than six (6) months prior to the applicable request for funds;

4.3.3 A commitment from a title insurance company for an ALTA Lenders Title Insurance policy in a form acceptable to Horne in the amount of the Program Funds. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Horne approval. The policy shall insure that Sponsor holds good and marketable title (fee simple or leasehold) and shall show the Performance Deed of Trust and Declaration of Restrictions in the lien priority approved by Horne and only subject to such title exceptions as are approved by Horne, its designee, or CDSS;

4.3.4 Evidence of any additional funds necessary for Sponsor to acquire the property upon which the Project is to be constructed if the Program Funds are not providing the full amount of the acquisition costs;

4.3.5 Signed escrow instructions, approved by Horne, providing for the following:

4.3.5.1 a Declaration of Restrictions in the form attached to this Agreement as Attachment I shall be recorded at the close of escrow against the real property upon which the Project is to be constructed or operated; and

4.3.5.2 a Performance Deed of Trust, or other real estate instrument required by CDSS, in the form attached to this Agreement as

Attachment J shall be recorded at the close of escrow against the real property upon which the Project is to be constructed or operated.

4.3.6 Applicable documents and deliverables described in Attachment H required for the disbursements of Program Funds.

4.4 Requirements for Disbursement of Program Funds for Construction Costs. No Program Funds shall be released to Sponsor for Project costs related to construction on the Project until Sponsor satisfies the requirements described in Section 4.2 above, and Sponsor submits, and Horne approves, all documents described below, and any additional information as may be required, with each request for disbursement of funds for construction:

4.4.1 Plans and specifications for the construction work approved by Horne;

4.4.2 An executed construction contract, based on a permitted set of construction plans with a licensed general contractor for an amount consistent with the construction costs in the approved Project budget, based on the sources and uses attached hereto as Exhibit A and Exhibit B (as the same may be modified from time to time, with prior notice to Horne, the "Project Budget") that incorporates the requirements of this Agreement including, but not limited to, the prevailing wage requirements, and contains the Construction Contract Rider in the form attached as Attachment K;

4.4.3 Copies of labor and material bonds and performance bonds for the construction work in an amount equal to one hundred percent (100%) of the cost of construction, naming Horne and CDSS as co-obligees on the bonds;

4.4.4 A written request for Program Funds on a form approved by Horne providing sufficient detail and with sufficient supporting documentation to permit Horne or its designee to confirm that the request is consistent with the terms of this Agreement and the Project Budget accompanied by (a) certification by Sponsor's architect or project manager that the work for which disbursement is requested has been completed (although Horne reserves the right to inspect or have its designee inspect the Project and make an independent evaluation); (b) invoices and related back-up information and documentation required by Horne evidencing the amounts being requested; and (c) lien releases and/or mechanics lien title insurance endorsements reasonably acceptable to Horne; and

4.4.5 Applicable documents and deliverables described in Attachment H required for the disbursements of Program Funds.

4.5 Disbursements for Predevelopment Expenses. Notwithstanding anything to the contrary stated in this Article 4, or otherwise in this Agreement, Program Funds

may be released to Sponsor for certain predevelopment Project costs, subject to approval by Horne, its designee, or CDSS, in their sole discretion; provided, that Sponsor has satisfied the requirements set forth in subsections 4.1.1, 4.1.2, 4.1.3, 4.1.4, 4.1.7, 4.1.9, 4.2.1, 4.2.2, and the Project budget includes predevelopment expenses.

ARTICLE 5.

CONSTRUCTION PROJECTS/NOTICE TO PROCEED

In the event that Program Funds are used for the performance of construction on the Project, Sponsor shall submit any update to the Project Budget and a copy of the project schedule to Horne for its approval prior to issuance of a notice to proceed to Sponsor's general contractor. The updated Project Budget and project schedule shall be consistent with the final plans and specifications for the Project. Sponsor shall not issue a notice to proceed to its general contractor until Horne has approved the updated Project Budget and project schedule.

ARTICLE 6.

PERFORMANCE

Sponsor shall comply with the schedule set forth in the Performance Milestones in Attachment H and shall provide all applicable documents or deliverables described in Attachment G when requested. Sponsor shall provide regular progress reports to Horne, but in all events at least once every thirty (30) days, including its progress toward meeting the Performance Milestones. The Project shall not be considered complete until the submission of the required Notice of Completion signed by General Contractor and Architect, the certificate of occupancy, and copies of all unconditional lien waivers. Sponsor may apply to Horne for an extension of any Performance Milestones or an extension to submit any required deliverable, which Horne may approve based on a showing of good cause and acceptable assurances from Sponsor for timely completion of the remaining Performance Milestones as determined by Horne. Any extension granted by Horne shall not be effective unless granted in writing, and such writing shall be considered an amendment to this Agreement and incorporated herein. Funding sources are summarized and located on <https://www.ccegrant.com/> (the "Website"). Any updates to obligation and liquidation dates will be reflected on the Website, with communication updates being sent out to all grantees. Currently, there are three (3) funding sources for the Program, and the deadlines are as follows: General Funds must be obligated by June 2027, and expended by June 2029. The portion of the Program Funds originating from the State of California, General Fund (formerly State Fiscal Recovery Fund or SFRF), must be obligated by June 2024, and expended by December 2026. The portion of Program Funds originating from the State of California, Health and Human Services Agency, Home- and Community Based Services Fund ("HCBS"), must be obligated by December 2023 and expended by March 2024. Any updates related to obligation or expenditure dates and deadlines reflected on the Website and formal communication to the grantee, will be automatically applicable to this Agreement and the funding sources being applied toward the Project. The specific source of funding for a specific activity as well as the affiliated liquidation timeline for that funding source will be shared at the time of disbursement.

FAILURE TO SATISFY ANY ONE OF THE DELIVERY OBLIGATIONS REQUIRED HEREUNDER AND/OR PERFORMANCE MILESTONES (UNLESS SUCH PERFORMANCE MILESTONE IS EXTENDED) SHALL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLE HORNE TO MANDATE SPONSOR TO RETURN TO THE STATE OF CALIFORNIA ANY PROGRAM FUNDS DISBURSED; IN ANY SUCH INSTANCE, HORNE MAY, WITH CDSS APPROVAL, ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO SPONSOR.

ARTICLE 7.

FISCAL ADMINISTRATION

- 7.1 Disbursements of Program Funds to Sponsor by Horne shall be made directly to applicable contractors or vendors or to Sponsor, unless such funds are to be used for acquisition of the property upon which the Project is to be constructed or operated or otherwise required to flow through escrow, in which event the Program Funds shall be deposited directly into an escrow account established with a title company approved by Horne. All interest earned from the deposit of Program Funds shall be used by Sponsor for eligible Program activities. Program Funds shall be segregated from Sponsor's other funds and shall only be disbursed for eligible Program Funds costs.
- 7.2 Horne has approved the sources and uses attached as Exhibit A and Exhibit B, as such sources and uses may be updated into the Project Budget in accordance with Article 5. Sponsor may adjust line items in the budget without the prior approval of Horne, provided that such adjustments do not increase the overall budget amount, and provided further that Sponsor provides notice to Horne of the budget changes. Any use of any contingency amounts listed in the sources and uses attached hereto or the Project Budget, however, shall require the prior approval of Horne, which may require submittal of Sponsor's plans for mitigation of any events or circumstances necessitating the use of contingency funds. If upon completion of a particular phase or segment of the Project the Program Funds allocated to that segment or phase have not been fully expended, the Program Funds allocated to Sponsor for such segment of the Project shall remain available to Sponsor for disbursement for subsequent segments of the Project; provided, however, in no event shall the total amount of the Program Funds available to Sponsor exceed the amount set forth in this Agreement without a written amendment to this Agreement approved by Horne and CDSS.
- 7.3 Sponsor shall notify Horne in a timely manner of any changes in the work required to be performed under this Agreement, including any additions, changes, or deletions to the plans and specifications approved by Horne. Sponsor shall provide prior notice to Horne of any written change order before any of the following changes, additions, or deletions in work for the Project may be performed: (1) any change in the work the cost of which exceeds Twenty-Five Thousand Dollars (\$25,000); (2) any set of changes in the work the cost of which cumulatively exceeds One Hundred Thousand Dollars (\$100,000); (3) any

material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Project, as provided for in the plans and specifications approved by Horne; or (4) any changes in the project schedule that will extend the completion date. Notice of any additions, changes, or deletions to the work shall not relieve or release Sponsor from any other obligations under this Agreement or relieve or release Sponsor or its surety from any surety bond.

- 7.4 Sponsor shall provide Horne with an updated Project Budget and project schedule for the Project when 50% completion of construction work is achieved that shows all changes in costs and schedule from the Project Budget and project schedule provided to Horne prior to issuance of the notice of proceed.
- 7.5 Any Program Funds that have not been expended by the expiration of the Base Performance Period set forth in the Summary Cover Sheet and the Attached Performance Milestones must be returned to CDSS with accrued interest. Returned Program Funds shall be paid as directed by Horne or CDSS, no later than thirty (30) calendar days after the expiration of the applicable Base Performance Period.
- 7.6 In the event that Sponsor receives a COSR, the terms of disbursement to Sponsor shall be governed by that certain Capitalized Operating Subsidy Reserve Agreement between Sponsor and Horne, and not the terms of this Agreement. A COSR shall be available for use by Sponsor only for a period of up to five (5) years from the date of commencement of operations in the new or expanded facility, or March 31, 2029, whichever is earlier, unless otherwise authorized by CDSS; and in the event that the facility carries an operating deficit after the expiration of such five- (5) year period, Sponsor shall be solely liable and responsible for all operating costs previously funded by a COSR. For the avoidance of doubt, in no event shall the total amount of the Program Funds or the COSR available to Sponsor exceed the amounts set forth in this Agreement without a written amendment to this Agreement approved by Horne and CDSS.

ARTICLE 8.

CHANGES TO STATEMENT OF WORK

- 8.1 Sponsor shall not change the SOW without the prior approval of Horne or CDSS, which may be approved or disapproved by Horne or CDSS, each in its sole discretion. Horne and CDSS' decision to disapprove a request to change Sponsor's SOW is fact-specific, and the decision shall be final and not subject to further review. Sponsor shall submit to Horne a written request to change the SOW, which shall include a detailed description of the following criteria:
- 8.1.1 The changes to the services or the Project that Sponsor is requesting to make.

- 8.1.2 A detailed explanation of why the change is necessary and justification for how the change in Sponsor's Project will preserve or expand capacity of residential adult and senior care facilities and/or serve Qualified Residents as that term is defined in Welfare and Institutions Code section 18999.97.
- 8.1.3 Anticipated additional costs of changes to the Project, including a financial plan for meeting additional costs.
- 8.1.4 Any other information requested by Horne or CDSS to evaluate Sponsor's request.

Any changes to the SOW approved by Horne and/or CDSS shall be provided to Horne and considered an amendment to this Agreement and incorporated herein.

- 8.2 Sponsor is solely liable and responsible for any increases in costs that exceed the Program Fund award. In no event shall Horne or CDSS be responsible for any costs that exceed the Program Funds. In the event that Project costs exceed the funds that Sponsor has available to pay such costs, Sponsor shall within thirty (30) days of such occurrence provide for Horne's approval a financial plan for meeting such additional costs which additionally may be approved or disapproved by CDSS, in its sole discretion. A financial plan for meeting additional costs may include Sponsor providing additional funds for the Project or Sponsor incurring additional debt. Sponsor shall not incur any additional debt without the prior written approval of Horne.

ARTICLE 9.

DEFAULT AND REMEDIES

- 9.1 Event of Default. Any of the following shall, after notice by Horne or CDSS and expiration of any applicable cure period, constitute an Event of Default under this Agreement:
 - 9.1.1 Sponsor's failure to satisfy the conditions precedent to disbursement of Program Funds as set forth in Article 4 above, or to expend Program Funds pursuant to the terms of this Agreement.
 - 9.1.2 Sponsor's failure to timely satisfy each or any of the conditions set forth in this Agreement, or the Award Letter.
 - 9.1.3 Sponsor's violation of any of the Program Requirements.
 - 9.1.4 Horne's or CDSS' determination of the following:
 - 9.1.4.1 Sponsor has concealed any material fact from Horne or CDSS related to Sponsor, the Application, the property upon which the Project is to be constructed or operated or the Project; or

- 9.1.4.2 Any material fact or representation made or furnished to Horne or CDSS by Sponsor in connection with the Application, the Award Letter, or this Agreement shall have been untrue or misleading at the time that such fact or representation was made known to Horne, or subsequently becomes untrue or misleading; or
 - 9.1.4.3 Any certification or deliverable provided by Sponsor is determined to be untrue or misleading.
 - 9.1.4.4 Any objectives or requirements of the Program cannot be met in accordance with this Agreement or within applicable timeframes, as memorialized by this Agreement.
- 9.2 Right to Cure. If the breach, violation, or default pursuant to Section 9.1 is not cured to Horne's and CDSS' satisfaction, as determined by Horne and CDSS, in their sole and absolute discretion, within fourteen (14) days of notice to Sponsor, provided in accordance with the notice requirements of this Agreement, then Horne, with CDSS approval, may declare a default under this Agreement.
 - 9.2.1 Notwithstanding the foregoing, Sponsor may request additional time to cure any default. Horne may, but shall not be required to, grant any such request, subject to CDSS approval. Horne's approval of Sponsor's request for additional time to cure shall be subject to Sponsor's continuing and diligent efforts to cure, and any additional cure period provided to Sponsor shall be reasonable, as determined by Horne, subject to CDSS approval. For the avoidance of doubt, any extension of the cure period shall be granted by Horne or CDSS in writing in their sole discretion.
- 9.3 Horne/CDSS Remedies. Upon the occurrence of an Event of Default, Horne (on CDSS' behalf) and/or the State (represented by CDSS in this Agreement) may take any and all actions or remedies that are available under this Agreement, at law, or in equity, including, but not limited to, the following:
 - 9.3.1 temporarily withhold disbursement of Program Funds pending correction of the breach, violation, or default;
 - 9.3.2 disallow use of Program Funds for all or part of the costs resulting from the breach, violation, or default;
 - 9.3.3 wholly or partly suspend or terminate this Agreement and Sponsor's award of Program Funds, or disbursements thereof (any such suspension or termination of this Agreement or Sponsor's award of Program Funds shall be effective upon Sponsor's receipt of Horne or CDSS notice of termination or suspension);
 - 9.3.4 withhold or deny further Program Funds or awards to Sponsor,

- 9.3.5 require Sponsor to return all or part of any Program Funds, including any interest;
- 9.3.6 any and all remedies under the Performance Deed of Trust;
- 9.3.7 any and all remedies under the Declaration of Restrictions;
- 9.3.8 specific performance;
- 9.3.9 injunctive relief;
- 9.3.10 recovery and completion of the Project pursuant to the payment and performance bonds; and
- 9.3.11 any and all remedies allowed by law or equity.

ARTICLE 10. **TERMINATION**

- 10.1 Horne and/or CDSS shall have the right, each in its sole discretion and without prejudice to any other rights and remedies it may have under applicable law, to terminate this Agreement immediately upon notice of such termination to Sponsor, if (i) an Event of Default occurs; (ii) three (3) breaches, violations or defaults by Sponsor of the terms and conditions of this Agreement (whether the same or different) occur within any twelve (12)-month period, regardless of whether any or all such breaches, violations or defaults are timely corrected; (iii) Sponsor files a petition in bankruptcy or is adjudicated by a court of competent jurisdiction to be bankrupt or insolvent, or makes an assignment for the benefit of creditors or an arrangement pursuant to any bankruptcy law, or if Sponsor discontinues or dissolves its business, or if a receiver is appointed for Sponsor or Sponsor's business; (iv) any lender to Sponsor declares a default under its loan agreement, or funds available to Sponsor from any lender become unavailable such that Sponsor is unable to timely satisfy obligations under this Agreement; or (v) Sponsor fails to provide Horne or CDSS with adequate assurances within a reasonable time that Sponsor is financially solvent or, Horne or CDSS determines, that Sponsor is financially insecure.
- 10.2 Upon termination of this Agreement for any reason, neither Horne nor CDSS shall be liable for any work that is not performed in accordance with the Agreement. Upon any termination, neither Horne nor CDSS shall be responsible for any additional disbursements of Program Funds after the termination date or for any damages to Sponsor as a result of such termination.

ARTICLE 11. **INSURANCE**

11.1 **Insurance Requirements.** Sponsor shall continuously maintain for the duration of this Agreement, and so long as the Declaration of Restrictions is in place, the following insurance at, or in excess of, the limits detailed below:

11.1.1 A Builders Risk policy including a permission to occupy endorsement during the course of construction, and upon completion of construction, if the Project is new construction, property insurance covering all risks of loss, excluding earthquake, flood or other risks customarily excluded from “All-Risks” coverage, in an amount equal to full replacement cost of the Project, including all improvements, fixtures, furnishings and equipment thereon at the time of loss.

11.1.2 If the Project is rehabilitation of an existing facility, property insurance covering all risks of loss, excluding earthquake, flood or other risks customarily excluded from “All-Risks” coverage, in an amount equal to the full replacement costs of all improvements located on the property upon which the Project is to be constructed, including all improvements, fixtures, furnishings and equipment thereon at the time of loss. Upon completion of the rehabilitation, any property insurance policy shall be updated to reflect the increased replacement costs resulting from the rehabilitation.

11.1.3 Worker’s compensation insurance as required by the State.

11.1.4 Comprehensive automobile and vehicle liability insurance covering claims for injuries to members of the public and/or damages to property of others arising from use of motor vehicles, including on-site and off-site operations, and owned, non-owned, or hired vehicles with \$1,000,000 combined single limits.

Commercial general liability insurance of not less than \$1,000,000 per occurrence with an annual aggregate limit of [\$5,000,000/\$2,000,000]¹ for bodily injury and property damage liability combined. The Sponsor’s required limits may be satisfied through a combination of general liability and umbrella policies of coverage. The commercial general liability insurance policy shall cover liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. The commercial general liability insurance shall apply to each insured against whom claim is made or suit is brought subject to Sponsor’s limit of liability.

¹ HORNE/CDSS TO DETERMINE FOR EACH CONTRACT, DEPENDING ON SIZE OF PROJECT AND SPONSOR.

- 11.2 Policy Requirements. All policies, except Workers' Compensation, shall be endorsed to name Horne and CDSS as an Additional Insured with respect to the work to be performed by Sponsor. The endorsements and policies will provide that the insurer waives its rights of subrogation, and the insurer will provide notice to Horne in writing at least thirty (30) days prior to any cancellation, material change in coverage or intent not to renew such insurance coverage. All such insurance must be primary and non-contributory and required to respond and pay prior to any other insurance or self-insurance available. Horne, in its sole discretion, may accept evidence of self-insurance if Horne determines that such self-insurance provides adequate coverage.
- 11.3 Contractor Insurance Requirements. Sponsor shall require its general contractor and its subcontractors to provide insurance in the amounts and form set forth above during the course of construction (except the general contractor shall not be required to maintain Builder's Risk insurance or property insurance) and to name Horne and CDSS as additional insureds on all such insurance during the course of construction.
- 11.4 Certificates of Insurance. Upon Horne's request, Sponsor shall immediately deposit with Horne and CDSS a certificate of insurance evidencing the above insurance coverage and naming Horne and CDSS as additional insured parties under such policies. Sponsor agrees that the insurance required herein shall remain in effect at all times during the term of the Agreement and the term of the Declaration of Restrictions. During the term of this Agreement, at least thirty (30) calendar days prior to the expiration of any policy of insurance required herein, Sponsor shall provide to Horne and CDSS a new certificate of insurance evidencing insurance coverage as provided herein for a period not less than one year. Notwithstanding the expiration of this Agreement, the Sponsor shall provide to CDSS a new certificate of insurance evidencing insurance coverage as provided herein for a period not less than either twenty (20) years for existing facility capacity expansion projects, or thirty (30) years for new facility construction projects, from the date of either of the following: (i) the date of issuance of a Certificate of Occupancy, or (ii) the date of recordation of a Notice of Completion, in the official records of the county where the Project is located.
- 11.5 Insurance Indemnification. Sponsor shall indemnify, defend and hold harmless Horne and CDSS against any and all liabilities to third persons and other losses (not compensated by insurance or otherwise) and for any other costs and expenses incurred, including reasonable attorneys' fees, judgments, settlements or penalties, as a result of any claim or liability resulting from the failure of Sponsor (or its lower tier subcontractors or consultants) to maintain the insurance policies required by this Section.
- 11.6 Insurance Premiums. Neither Horne nor CDSS shall be responsible for any premiums, deductibles, or assessments on any insurance policy referred to in this Agreement.

- 11.7 Survival. The requirements to provide insurance in this Article 11 shall survive termination of this Agreement.

ARTICLE 12. **OPERATIONS**

Sponsor agrees that in consideration of the receipt of Program Funds pursuant to the terms of this Agreement, Sponsor shall enter into, as required by this Agreement, the Declaration of Restrictions, to be recorded against the property upon which the Project is to be constructed or operated, in a form substantially similar as attached hereto and incorporated herein by this reference as Attachment I. The Declaration of Restrictions shall by its terms restrict the development, use, and occupancy of the Project for the term of either twenty (20) years for existing facility capacity expansion projects or thirty (30) years for new facility construction projects, each from either the date of the issuance of a Certificate of Occupancy or the date of recordation of a Notice of Completion in the official records of the county in which the Project is located. In addition to any requirements in the Declaration of Restrictions, Sponsor shall comply with all health and safety requirements associated with the operation and maintenance of the Project for the benefit of the occupants of the Project. These rights and obligations shall survive the expiration or early termination of this Agreement and are covenants running with the Project pursuant to the Declaration of Restrictions in the form of Attachment I to be recorded against the Project. During the Term of this Agreement and the term of the Declaration of Restrictions Sponsor shall execute such other documents as required by CDSS to comply with the Program Requirements, including operating agreements, deed restrictions, covenants and conditions recorded against the Project.

ARTICLE 13. **POLICIES AND LEGAL AUTHORITIES**

- 13.1 Sponsor covenants comply with all California and federal law, regulations, and published guidelines, to the extent that these authorities contain requirements applicable to Sponsor's performance under this Agreement, construction of, possession or ownership of the Project, including any licensing and health and safety requirements.
- 13.2 Sponsor shall comply with California Welfare and Institutions Code sections 18999.97 -18999.98 *et seq.*, including any related CDSS guidance, regulations, and/or subsequent additions or amendments thereto.
- 13.3 In the event Sponsor does not comply with the terms of this Article 13, Horne shall have all rights set forth in Article 9 and Article 10 and available at law or in equity.

ARTICLE 14. **INDEMNIFICATION**

- 14.1 Sponsor shall indemnify, defend, and hold harmless Horne, its officers, employees, and agents, and CDSS and its officers, employees and agents against liabilities to third persons and other losses (not compensated by insurance or

otherwise) and for any costs and expenses incurred by Horne and CDSS, including reasonable attorneys' fees, judgments, settlements or penalties, against all liabilities, claims, suits, demands or liens for damages to persons or property ("Claims") (except to the extent such Claims arise from the gross negligence or willful misconduct of Horne or CDSS), arising out of, resulting from, or relating to, Sponsor's performance under this Agreement or related in any way to the Project, and including, but not limited to the following:

- 14.1.1 Any act, omission, or statement of Sponsor, or any person employed by or engaged under contract with Sponsor that results in injury (including death), loss, or damage to any person or property;
- 14.1.2 Any failure on the part of Sponsor to comply with applicable Program Requirements and requirements of law;
- 14.1.3 Any failure to maintain the insurance policies required by this Agreement or the work performed, inclusive of intellectual property infringement, if applicable, under this Agreement. Insurance coverage that may be required shall in no way lessen or limit the liability of Sponsor under the terms of this obligation.
- 14.1.4 Any failure on the part of Sponsor to satisfy all claims for labor, equipment, materials and other obligations relating to the performance of the work hereunder;
- 14.1.5 Any injury to property or person occurring on or about the infrastructure or the property of Sponsor; or
- 14.1.6 Any claims related to the use, generation, storage, release, threatened release, discharge, disposal or presence of hazardous materials on, under or about the property upon which the Project is to be constructed.
- 14.2 Sponsor shall indemnify Horne and CDSS under this clause for any of the above acts attributable to its employees, consultants, agents, and/or lower-tiered subcontractors engaged in performance of the work under this Agreement. Horne or CDSS shall provide timely notice of any Claim describing in reasonable detail such facts and circumstances with respect to such Claim. Sponsor shall defend Horne and CDSS with counsel reasonably acceptable to Horne and CDSS. Horne and CDSS may, at their option and own expense, engage separate counsel to advise them regarding the Claim and its defense. Such counsel may attend all proceedings and meetings. Sponsor shall not settle any Claim without the consent of Horne and CDSS, as applicable.
- 14.3 Sponsor agrees to indemnify, defend and save harmless Horne, its officers, agents and employees and CDSS, its officers, agents and employees from any and all claims, costs (including, but not limited to, all legal expenses, court costs, and attorney's fees incurred in investigating, preparing, serving as a witness in, or defending against, any such claim, action, or proceeding, commenced or

threatened), and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Sponsor in the performance of this Agreement.

14.4 This indemnification shall survive the expiration or termination of the Agreement.

ARTICLE 15. **PREVAILING WAGE**

Any construction work that is part of Sponsor's Project is subject to state prevailing wage law, including California Labor Code section 1720 *et seq.* Sponsor is urged to seek professional legal advice about prevailing wage law requirements and Sponsor's obligations thereunder. Prior to disbursing the Program Funds, Sponsor must provide evidence of Sponsor's and its general contractor's compliance with California's prevailing wage law and all applicable wage and hours laws. Sponsor shall also comply with any other labor requirements applicable to the Project as a result of other funding sources or regulatory requirements.

ARTICLE 16. **ENVIRONMENTAL CONDITIONS**

If the SOW includes the acquisition of real property, Sponsor shall provide a Phase I Environmental Site Assessment ("ESA") for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Sponsor desires to proceed with the Project, Sponsor shall provide Horne with a Phase II report and any additional reports as required by Horne and in a form acceptable to Horne. Sponsor shall also provide an asbestos assessment and a lead-based paint report for Horne's approval if the Project involves rehabilitation or demolition of existing improvements. Prior to disbursement of Program Funds for real property acquisition, Horne shall require Sponsor to provide evidence to Horne that all recommendations of the Phase I or Phase II ESA have been complied with or shall be complied with prior to commencement of construction. Prior to disbursement of Program Funds for any rehabilitation work, Horne shall require the Sponsor to provide evidence that all asbestos and/or lead-based paint has been abated.

ARTICLE 17. **RELOCATION**

Sponsor must comply with the California Relocation Assistance Law (California Government Code section 7260 *et seq.*) and its implementing regulations ("Relocation Laws") if the Project will result in the displacement, as that term is defined in the Relocation Laws, of any persons, businesses, or farm operations. Pursuant to the Relocation Laws, a Sponsor must have a relocation plan prior to proceeding with any phase of a Project or other activity that will result in the displacement of persons, businesses, or farm operations. Sponsor shall provide any required notices and relocation benefits in accordance with the Relocation Laws. Sponsor shall provide

Horne with evidence that it has complied with all applicable Relocation Laws and California Health & Safety Code and corresponding regulations for the safe transfer and relocation of residents in residential care facilities licensed by CDSS, and Sponsor shall certify to CDSS that it shall obtain a CDSS-approved relocation plan for each resident in care.

ARTICLE 18.
INSPECTIONS, AUDITS, AND RECORD RETENTION

- 18.1 Horne and CDSS or any of their authorized representatives shall have the right to access any documents, papers, or other records of Sponsor which are pertinent to the Program Funds, for the purpose of performing audits, examinations, and/or review regarding compliance with the provisions of this Agreement and the Program Requirements. Such monitoring activities shall include, but are not limited to, inspection of Sponsor's books and records, in addition to site inspections, as Horne deems appropriate.
- 18.2 Horne and CDSS may perform compliance reviews, review procedures and documents pertaining to the SOW and other elements of this Agreement, perform on-site visits and desk reviews in order to ensure Sponsor's compliance with this Section, as well as protect against fraud, waste and abuse.
- 18.3 The right to access records also includes timely and reasonable access to Sponsor's personnel for the purpose of interview and discussion related to the requested documents and/or information.
- 18.4 The right to access records is not limited to the required retention period but lasts as long as the records are retained by Sponsor.
- 18.5 Sponsor shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Program Funds, COSR, or Project for a minimum of five (5) years.
- 18.6 Sponsor shall, and shall ensure that each of its subcontractors, if applicable, shall, comply with the requirements set forth in Attachment C - The California Department of Social Services Confidentiality and Information Security Requirements.
- 18.7 Sponsor recognizes and acknowledges that CDSS is a public entity subject to the Public Records Act, and information submitted by Sponsor to Horne or directly to CDSS may be subject to public disclosure and Sponsor has no right to assume that such information shall be kept confidential.
- 18.8 Any review or inspection undertaken by Horne, its designee, or CDSS, or its designee, with reference to the Project is solely for the purpose of determining whether Sponsor is properly discharging its obligations to CDSS and should not be relied upon by Sponsor or by any third parties as a warranty or representation by Horne or CDSS as to the quality of the design or construction of the Project.

18.9 Sponsor agrees that claims based upon an audit finding and/or an audit finding that is appealed and upheld, shall be recovered by Horne or CDSS by one of the following options:

18.9.1 Sponsor's remittance to Horne or CDSS of the full amount of the audit exception within thirty (30) days following Horne request for payment; or

18.9.2 A repayment schedule which is agreeable to both Horne and Sponsor.

Horne reserves the right to select which option described above shall be employed; and Horne shall notify Sponsor in writing of the claim procedure to be utilized. Interest on the unpaid balance of the audit finding or debt shall accrue at a rate equal to the maximum allowed by applicable law.

ARTICLE 19. **THIRD PARTY BENEFICIARIES**

The State, represented by CDSS in this Agreement, is a third-party beneficiary of this Agreement. The Agreement shall not be construed so as to give any other person or entity, other than the Parties and CDSS, any legal or equitable claim or right. CDSS or another authorized department or agency representing the State of California may enforce any provision of this Agreement to the full extent permitted in law or equity as a third-party beneficiary of this Agreement. The State may take any and all remedies available in law and equity. In the event of litigation, the State may choose to seek any type of damages available in law or equity, up to the full amount of Program Funds awarded to Sponsor.

ARTICLE 20. **MISCELLANEOUS**

20.1 Dispute Resolution.

20.1.1 The Parties shall use reasonable efforts to resolve any dispute arising under this Agreement within thirty (30) days pursuant to informal mediation before a retired judge with Judicial Arbitration and Mediation Services ("JAMS") in Los Angeles, California.

20.1.2 If the Parties cannot resolve a dispute arising under this Agreement pursuant to Section 20.1.1, the Parties shall submit such dispute to arbitration in accordance with the provisions of the American Arbitration Association. The Parties shall conduct any arbitration in Los Angeles, California. The arbitrator's decision in any such arbitration shall be final, conclusive, and binding on the Parties.

20.1.3 TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HEREBY UNCONDITIONALLY WAIVE ANY RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY CLAIM ARISING OUT OF THIS AGREEMENT.

20.1.4 The Sponsor shall be obligated to continue to perform pursuant to this Agreement while any dispute is pending.

20.1.5 This Section 20.1 shall not apply to CDSS or the State.

- 20.2 Attorneys' Fees. If a dispute arising out of this Agreement is finally adjudicated, the non-prevailing party shall pay the prevailing party's reasonable expenses incurred in connection therewith, including reasonable arbitration costs and reasonable attorneys' fees. If multiple items are disputed and the final decision is split, then the Parties shall allocate such expenses pro rata as to each item. Section 20.2, Attorneys' Fees provisions do not apply to the State.
- 20.3 Waiver. Horne's failure to notify Sponsor of a breach or to insist on strict performance of any provision of this Agreement shall not constitute waiver of such breach or provision.
- 20.4 Remedies. No remedy in this Agreement is exclusive of any other remedy available under this Agreement, at law or in equity. Horne or CDSS may seek equitable relief, including an injunction, against Sponsor in connection with any breach or threatened breach of this Agreement.
- 20.5 Limitation of Liability. Except as otherwise provided in this Agreement, or by applicable law, Sponsor waives any right to seek, and Horne and CDSS shall not be liable for any special, consequential, or punitive damages; indirect, or incidental damages; or for any loss of goodwill, profits, data, or loss of use arising out of, resulting from, or in any way connected with the performance or breach of this Agreement, even if Sponsor advises Horne or CDSS of the possibility of any such damages.
- 20.6 Relationship. Sponsor is an independent contractor with respect to Horne. This Agreement is not intended to create a partnership, joint venture, employment, or fiduciary relationship between the Parties or between any Party hereto and CDSS.
- 20.7 Notices. Notices under this Agreement must be (i) in writing; (ii) addressed to the receiving Party at the address described on the Summary Cover Sheet (unless notice of a different address is given); and (iii) (A) if personally delivered to the recipient, notice is effective upon delivery; (B) if sent by a nationally recognized overnight courier service, notice is effective on the first business day following its timely deposit with such courier service, delivery fees for next business day delivery prepaid; no signature affirming receipt by the receiving party is required, the internal records of the courier service shall be accepted as sufficient evidence of the date of the deposit of the notice with the courier service; or (C) if sent by certified U.S. mail, notice is effective three (3) days after deposit thereof in the U.S. mail, postage prepaid, certified, return receipt requested. Counsel for a Party may send notice on behalf of its client.
- 20.7.1 Notwithstanding the foregoing, the Parties may deliver any approval, disapproval, or request therefor via email. Such email notices and

deliveries shall be valid and binding on the Parties, subject to the following:

20.7.1.1 Such email must be properly addressed to the other Party's Designated Representatives. For purposes of this Agreement, "Designated Representative" means initially (i) for Horne, Geoffrey Ross, Geoffrey.Ross@horne.com, and Dania Khan, Dania.Khan@horne.com; (ii) for Sponsor, _____ and _____. A Party may change a Designated Representative only upon notice to the other Party pursuant to the requirements of Section 20.7(iii) (A), (B) or (C).

20.7.1.2 If the sender receives a bounceback, out-of-office or other automated response indicating non-receipt, the sender shall (i) re-attempt delivery until the other Party confirms receipt, or (ii) deliver the item in accordance with Section 20.7(iii) (A), (B) or (C).

20.8 Governing Law. The place of performance of this Agreement is California, and the laws of the State of California shall govern the validity, performance, enforcement, and interpretation of this Agreement. Any litigation or enforcement of an award must be brought in the appropriate state or federal court in the State of California, County of Sacramento. Each Party consents to personal and subject matter jurisdiction and venue in such courts and waives the right to change venue with respect to any such proceeding. The Parties acknowledge that all directions issued by the forum court, including injunction and other decrees, shall be binding and enforceable in all jurisdictions and countries.

20.9 Assignment. Sponsor shall not assign, delegate, or otherwise transfer this Agreement, or its duties, or obligations in connection therewith, in whole or in part, without the prior approval of Horne and CDSS. Horne's obligations under this Agreement shall be assignable to CDSS or CDSS's designee upon CDSS's request without Sponsor's consent. In the event that Horne assigns its obligations under this Agreement to CDSS, Horne shall make commercially reasonable efforts to transition any reasonably necessary documentation related to this Agreement to CDSS or its designee, at no cost to CDSS; provided, however, that Horne shall have no obligation to incur any liability, pay fees, charges, or reimbursement in connection with any wind-down or transition services.

20.10 Entire Agreement; Amendments. This Agreement constitutes the entire agreement of the Parties with respect to its subject matter. It supersedes all oral or written agreements or communications between the Parties. No understanding, agreement, modification, change order, or other matter affecting this Agreement shall be binding, unless in writing, signed by both Parties. No handwritten changes shall be effective unless initialed by each Party.

- 20.11 Independent Legal and Tax Advice. Horne and Sponsor, each, have reviewed and negotiated this Agreement using such independent legal and tax counsel as each has deemed appropriate. Sponsor further acknowledges that it has been afforded the opportunity to obtain legal and tax advice concerning its legal and financial duties and obligations, including its state and federal tax liabilities related to its receipt of Program Funds, and hereby confirms by the execution and delivery of this Agreement that it has either done so or waived its right to do so in connection with the entering into this Agreement. For the avoidance of doubt, Sponsor shall be solely responsible for its tax liabilities related to its receipt of Program Funds.
- 20.12 Exhibits. The Attachments, Schedules, and Addenda attached to this Agreement are a part of this Agreement and incorporated into this Agreement by reference.
- 20.13 Partial Invalidity. If any part of this Agreement is unenforceable, the remainder of this Agreement and, if applicable, the application of the affected provision to any other circumstance, shall be fully enforceable.
- 20.14 Captions. The headings contained herein are for convenience only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement.
- 20.15 Force Majeure. Neither Party shall be liable to the other for loss or damages due to failure or delay in rendering performance caused by circumstances beyond its reasonable control, if such failure could not have been overcome by the exercise of due diligence, due care, or foresight. Causes may include, but are not limited to, acts of God or a public enemy; wars; acts of terrorism; riots; fires; floods; epidemics; quarantine restrictions; labor disputes; strikes; defaults of subcontractors/vendors; failure/delays in transportation; unforeseen freight embargoes; unusually severe weather; or any law/order/regulation/request of a state or local government entity, the U.S. Government, or of any agency, court, commission, or other instrumentality of any such governments. Times of performance under this Agreement may be appropriately extended for excused delays if the Party whose performance is affected promptly notifies the other of the existence and nature of such delay.
- 20.16 Publicity. Without prior written approval of the other, neither Party shall use the other's name or make reference to the other Party or any of its employees in publications, news releases, advertising, speeches, technical papers, photographs, sales promotions, or for publicity purposes of any form related to this work or data developed hereunder, unless disclosure of such materials is required by legal, accounting, or regulatory requirements beyond the disclosing Party's reasonable control. Use of either Party's name may be made in internal documents, annual reports, and proposals. This Section shall survive expiration/termination of this Agreement. Notwithstanding the foregoing, the Sponsor agrees that the State may use and refer to the Sponsor and the Project in any publication, news release, advertising, speech, technical paper, or for any other purposes.

- 20.17 Notice of Litigation. Promptly, and in any event within one (1) business day after an officer or other authorized representative of Sponsor obtains knowledge thereof, Sponsor shall provide written notice to Horne of (i) any litigation or governmental proceeding pending against Sponsor which could materially adversely affect the business, operations, property, assets, condition (financial or otherwise) or prospects of Sponsor, and (ii) any other event which is likely to materially adversely affect the business, operations, property, assets, condition (financial or otherwise) or prospects of Sponsor.
- 20.18 Survival. Except as otherwise stated, sections that by their terms impose continuing obligations or establish continuing rights shall be deemed to survive the expiration or termination of this Agreement.
- 20.19 Successors. This Agreement shall be binding upon the Parties, their successors, and assigns.
- 20.20 Approvals. Whenever this Agreement calls for a Party's approval, approval shall mean prior written approval (including via email), not to be unreasonably conditioned, delayed, or withheld, unless sole discretion is expressly noted.
- 20.21 Counterparts; Electronic Signatures. The Parties may sign this Agreement in several counterparts, each of which constitutes an original, but all of which together constitute one instrument. Electronic signatures are valid and shall bind the Party delivering such signature.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS THEREOF, the Parties hereto have executed this Agreement by their duly authorized respective officers as of the Effective Date.

HORNE LLP

SPONSOR:

Print or Type Name of Sponsor

By: _____
[NAME, TITLE]

By: _____
*Signature of Authorized Entity
Representative*

EXHIBIT A

**HORNE Summary Sheet
CCE Review**

Amount Requested	
Facility Type and Count	
HORNE Recommendation	
Current Status	
Date Submitted	
PROJECT ABSTRACT SUMMARY	
Application Overview	
Application ID	
Project Title	
Type of Entity	
Target population	
Address of Proposed Project	
County	
Organization Information:	
Name of Entity	
Co-Applicant? Y/N	
Estimated date of completion (from Milestone Template) <i>Reviewer notes regarding project completion, if noted</i>	
Match Amount	
Match Source and details	

COSR requested/amount			
Facility Type:	Total Beds/Units:	CCE Beds/Units:	Cost per CCE Bed/Unit:
Total Project Amount and amount of funding received from other awards (BHCIP, other sources)			
Site Plan (schematic)			
CCLD Licensing and compliance check			

APPLICATION REGIONAL COLLABORATION	
Community Outreach and Letters of Support summary	
If applicable, does applicant have an MOU or other agreement, or related experience (Q6)	
Analysis of Cost Reasonableness <i>Assessed based on facility type, scope, budget, and schedule of rehabilitation or renovations proposed in accordance with 2 CFR 200.404</i>	
Analysis of Sustainability (Alternate Funding Streams, ALW, Subsidies, Vouchers, Medi-Cal, partnerships with social service / behavioral health agencies to provide service funding) <i>Assessed based on demonstrated capacity to produce and</i>	

<p><i>implement a business plan, develop projections of costs and revenues (which should account for service delivery), and diversity of revenue sources</i></p>	
<p>Does this fulfill unmet need(s) of region?</p> <p><i>The response is pulled from application Q. 11. Per RFA, this may include a local county/tribal/provider needs assessment, a facility wait list, the number of comparable facilities in the area, or other quantifiable documentation.</i></p>	
<p>Project feasibility notes or additional considerations:</p>	

Sources		Amount	Per Unit	% of Total
Construction Sources				
Permanent Sources				
Total Sources				
Uses				
Acquisition Costs				
Hard Construction Costs				
Soft Costs				
Reserves and Escrows				
Developer Fee				
Total Uses				

EXHIBIT B

CASH FLOW PROFORMA

[attached]

UNIT TYPE	Area Median Income % (AMI) Number	Square Feet	Total Sq Feet	Gross Rent \$	Utility Allowance \$	Net Rent per Sq Foot \$	Total Monthly Net Rent \$	Current Annual Rent \$
1BR/1BA PBV				\$	\$	\$	\$	\$
1BR/1BA				\$	\$	\$	\$	\$
1BR/1BA				\$	\$	\$	\$	\$
2BR/1BA				\$	\$	\$	\$	\$
2BR/2BA (Exempt Manager)				\$	\$	\$	\$	\$
Totals				\$	\$	\$	\$	\$

Project Name
#REF!

Units: 0

CASH FLOW

	Inflation %	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Potential Gross Income	<i>Standards:</i>															
Total Annual Rental Income	2.0%	\$0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Subsidy																
Parking	2.0%	\$0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	2.0%	\$0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Facility	2.0%	\$0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry	2.0%	\$0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Potential Gross Income:</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Allowance																
Total Annual Rental Income	5.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking	5.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	10.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Facility	10.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry	10.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Vacancy Allowance:</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effective Gross Income																
Total Annual Rental Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Facility		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laundry		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Effective Gross Income:</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance & Operating Expenses																
Operating Expenses:	3.0%	\$0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management Fee	2.0%	\$0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Resident Services																
Taxes and Insurance																
<i>Total Operating Expenses:</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Replacement Reserves	3.0%	\$0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Expenses & Reserves:</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Income:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee																
Principal Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest for Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Case after Deferred Developer Fee		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Type Of Loan:																
Principal Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest for Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
First Mortgage Debt Service	Interest Rate															
First Mortgage	4.50%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Subsidy Debt Service	Interest Rate															
Subsidy Loan 1	0.25%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidy Loan 2	0.25%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidy Loan 3	0.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidy Loan 4	0.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Net Cash Flow in 15 years	#DIV/0!															
Income to Expense Ratio (Min. 1.05)		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Debt Coverage Ratio		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

LIST OF ATTACHMENTS

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ATTACHMENT A STATE REQUIREMENTS

1. California Civil Rights Requirements

- a. During the performance of this Agreement, Sponsor and its subcontractors shall not deny the Agreement's benefits to any person on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Sponsor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination. Sponsor and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12900 et seq.), the regulations promulgated thereunder (Cal. Code Regs., tit. 2, §11000 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code §§11135 et seq.), the regulations or standards adopted by CDSS to implement such article, the Unruh Civil Rights Act (California Civil Code §51), and Title VI of the Civil Rights Act of 1964.

Sponsor shall permit access by representatives of the Department of Fair Employment and Housing, Horne and/or CDSS upon reasonable notice at any time during the normal business hours, but in no case less than 24 hours' notice, to such of its books, records, accounts, and all other sources of information and its facilities to ascertain compliance with this clause. Sponsor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. (See Cal. Code Regs., tit. 2, §11105.)

Sponsor shall include the nondiscrimination and compliance provisions of this section in all subcontracts to perform work under the Agreement.

- b. Pursuant to Public Contract Code § 2010, a person that submits a bid or proposal to, or otherwise proposes to enter into or renew a contract with, a state agency with respect to any contract in the amount of \$100,000 or above shall certify, under penalty of perjury, at the time the bid or proposal is submitted or the contract is renewed, all of the following:
- (1) **CALIFORNIA CIVIL RIGHTS LAWS:** Sponsor certifies compliance with the Fair Employment and Housing Act (Gov. Code §12900 et seq.), the regulations promulgated thereunder (Cal. Code Regs., tit. 2, §11000 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code §§11135 et seq.), the regulations or

standards adopted by CDSS to implement such article, the Unruh Civil Rights Act (California Civil Code §51), and Title VI of the Civil Rights Act of 1964.

- (2) **EMPLOYER DISCRIMINATORY POLICIES:** For contracts executed or renewed after January 1, 2017, if Sponsor has an internal policy against a sovereign nation or peoples recognized by the United States government, Sponsor certifies that such policies are not used in violation of the Fair Employment and Housing Act (Gov. Code §12900 et seq.), the regulations promulgated thereunder (Cal. Code Regs., tit. 2, §11000 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code §§11135 et seq.), the regulations or standards adopted by CDSS to implement such article, the Unruh Civil Rights Act (California Civil Code §51), and Title VI of the Civil Rights Act of 1964.

- c. In the event of Sponsor's noncompliance with the requirements of the provisions herein or with any state or federal statutes, rules, regulations, or orders regarding civil rights or non-discrimination requirements, this Agreement may be cancelled, terminated, or suspended in whole or in part and Sponsor may be declared ineligible for further state contracts or grants.
- d. Sponsor will include the contractor certification provisions required by this section in every subcontract or purchase order unless exempted by federal or state statutes, rules, regulations, or orders, so that such provisions will be binding upon each Sponsor or vendor. Sponsor will take such action with respect to any subcontract or purchase order Horne may direct as a means of enforcing such provisions.

2. Subcontract Requirements

- a. Sponsor may enter into subcontracts for services to be performed pursuant to the SOW provided such subcontracts are consistent with this Agreement and the SOW and provided further that Sponsor follows its procurement policy, a copy of which has been previously provided to and approved by Horne. Horne or CDSS reserve the right to approve or disapprove the selection of subcontractors and with advance written notice, require the substitution of subcontractors and require Sponsor to terminate subcontracts entered into in support of this Agreement.
- (1) Upon receipt of a written notice from Horne requiring the substitution and/or termination of a subcontract, Sponsor shall take steps to ensure the completion of any work in progress and select a replacement, if applicable, within thirty (30) calendar days, unless a longer period is agreed to by CDSS.

- b. Sponsor shall maintain a copy of each subcontract entered into in support of this Agreement and shall, upon request by Horne, make copies available for approval, inspection, or audit.
- c. Horne and/or CDSS assume no responsibility for the payment of subcontractors used in the performance of this Agreement. Sponsor accepts sole responsibility for the payment of subcontractors used in the performance of this Agreement.
- d. Sponsor is responsible for all performance requirements under this Agreement even though performance may be carried out through a subcontract.
- e. Sponsor shall ensure that all subcontracts for services include provision(s) requiring compliance with applicable terms and conditions specified in this Agreement.
- f. Sponsor agrees to include the following clause, relevant to record retention, in all subcontracts for services:

subcontractor agrees to maintain and preserve, until three years after termination of this Agreement and final payment from Horne, to permit Horne or CDSS or any duly authorized representative, to have access to, examine or audit any pertinent books, documents, papers and records related to this subcontract and to allow interviews of any employees who might reasonably have information related to such records.

- g. Unless otherwise stipulated in writing by Horne, Horne shall be Sponsor's sole point of contact for all matters related to performance and payment under this Agreement.
- h. Sponsor shall, as applicable, advise all subcontractors of their obligations to comply with this Attachment.

3. Income Restrictions

Unless otherwise stipulated in this Agreement, Sponsor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by Sponsor under this Agreement shall be paid by Sponsor to Horne so that Horne can pay CDSS, to the extent that they are properly allocable to costs for which Sponsor has been reimbursed by Horne under this Agreement.

4. Site Inspection

The State has the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed hereunder including subcontract supported activities and the premises in which it is being performed. If any inspection or evaluation is made of the premises of Sponsor, Sponsor shall provide and shall require is contractors and subcontractors to provide all reasonable facilities and assistance for the safety and

convenience of the authorized representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work.

5. Warranties

Sponsor represents and warrants that:

- a. It is free to enter into and fully perform this Agreement.
- b. It has secured and will secure all rights and licenses necessary for its performance of this Agreement.
- c. It has not granted and shall not grant to any person or entity any right that would or might derogate, encumber, or interfere with any of the rights granted to Horne or CDSS in this Agreement.
- d. It has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.
- e. It has no knowledge of any outstanding claims, licenses or other charges, liens, or encumbrances of any kind or nature whatsoever that could affect in any way Sponsor's performance of this Agreement.
- f. All materials and equipment furnished with respect to the Project and all work performed by Sponsor will be of good and workmanlike quality, free from faults and defects, and in conformance with the Agreement.
- g. It shall comply with all applicable laws in connection with its performance of its obligations under this Agreement.
- h. It has disclosed to Horne and CDSS the composition of Sponsor including any entity, member, manager, partner or person that directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or common control with Sponsor ("Related Party" or "Related Parties") and shall promptly disclose to Horne and/or CDSS, during the Term of this Agreement, any change in ownership or control of Sponsor or any merger or acquisition that changes the control of Sponsor. For purposes of this Agreement "control" shall mean any entity that has an ownership interest of greater than twenty percent (20%) in Sponsor, or, has the authority to direct or cause the direction of the affairs or management of Sponsor.
- i. It shall disclose to Horne and/or CDSS, during the Term of this Agreement, promptly upon the existence or discovery of the existence of an actual or potential transaction, agreement, or settlement with a Related Party in connection with the Project ("Related Party Transaction").

- j. It shall disclose to Horne and/or CDSS, during the Term of this Agreement, promptly upon the existence or discovery of the existence of a Related Party or a Related Party Transaction: (1) the nature of the relationship, (2) the nature of the potential or actual transaction, agreement, or settlement, (3) the dollar amounts of any such transaction, agreement, or settlement, (4) the dollar amounts due to or from a Related Party, and (5) documents and any additional information, as may be requested by Horne and/or CDSS in their sole discretion.
- k. The provisions set forth herein shall survive any termination or expiration of this Agreement or any Project schedule.

6. Suspension or Stop Work Notification

- a. Horne may, at any time, issue a notice to suspend performance or stop work under this Agreement. The initial notification may be a verbal or written directive issued by Horne's Designated Representative. Upon receipt of said notice, Sponsor is to suspend and/or stop all, or any part, of the work called for by this Agreement.
- b. Written confirmation of the suspension or stop work notification with directions as to what work (if not all) is to be suspended and how to proceed will be provided within thirty (30) working days of the verbal notification. The suspension or stop work notification shall remain in effect until further written notice is received from Horne. The resumption of work (in whole or part) will be at Horne's discretion and upon receipt of written confirmation.
 - (1) Upon receipt of a suspension or stop work notification, Sponsor shall immediately comply with its terms and take all reasonable steps to minimize or halt the incurrence of costs allocable to the performance covered by the notification during the period of work suspension or stoppage.
 - (2) Within 90 days of the issuance of a suspension or stop work notification, Horne shall either:
 - (a) Cancel, extend, or modify the suspension or stop work notification; or
 - (b) Terminate the Agreement as provided for in the Cancellation / Termination clause of the Agreement.
- c. If a suspension or stop work notification issued under this clause is canceled or the period of suspension or any extension thereof is modified or expires, Sponsor may resume work only upon written concurrence of Horne.
- d. If the suspension or stop work notification is cancelled and the Agreement resumes, changes to the services, deliverables, performance dates, and/or

agreement terms resulting from the suspension or stop work notification shall require an amendment to the Agreement.

- e. If a suspension or stop work notification is not canceled and the Agreement is cancelled or terminated pursuant to the provision entitled Cancellation / Termination, Horne shall allow reasonable costs resulting from the suspension or stop work notification in arriving at the settlement costs.
- f. In accordance with Article 14 and Section 20.5 of the Agreement, Horne shall not be liable to Sponsor or its subcontractors for loss of profits because of any suspension or stop work notification issued under this clause.

7. Compliance with Statutes and Regulations

- a. Sponsor shall comply with all applicable California and federal law, regulations, and published guidelines, to the extent that these authorities contain requirements applicable to Sponsor's performance under the Agreement.

ATTACHMENT B

State of California Department of Social Services

CERTIFICATION REGARDING LOBBYING AND CONFLICTS OF INTEREST

The undersigned certifies, to the best of his or her knowledge and belief, that:

- 1.** By entering into the Agreement and accepting Program Funds, Sponsor is in compliance with the Political Reform Act of 1978 and regulations promulgated by the Fair Political Practices Commission (FPPC) regarding requirements relating to lobbying and conflicts of interest.
- 2.** Sponsor is aware of California state laws and regulations regarding employing current or former state employees. If Sponsor has any questions on the status of any person rendering services or involved with the Agreement, Horne must be contacted immediately for clarification.

(a) Current State Employees (Pub. Contract Code §10410): 1). No officer or employee of the State shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment. No officer or employee of the State shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

(b) Former State Employees (Pub. Contract Code §10411): 1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which they engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency. For the twelve-month period from the date they left state employment, no former state officer or employee may enter into a contract with any state agency if they were employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to their leaving state service.

If Sponsor violates any provisions of above paragraphs, such action by Sponsor shall render this Agreement void. (Pub. Contract Code §10420). Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e)).

Attachment B - Certification Regarding Lobbying

ATTACHMENT B

CERTIFICATION REGARDING LOBBYING
AND CONFLICTS OF INTEREST

B-1

Name of Sponsor

Printed Name of Person Signing for Sponsor

Contract Number

Signature of Person Signing for Sponsor

Date

Title

After execution by or on behalf of Sponsor, please return to:
California Department of Social Services

Attachment B - Certification Regarding Lobbying

ATTACHMENT B

CERTIFICATION REGARDING LOBBYING
AND CONFLICTS OF INTEREST
B-2

ATTACHMENT C

The California Department of Social Services Confidentiality and Information Security Requirements Sponsor - v 2019 01

This Confidentiality and Information Security Requirements - Attachment C (hereinafter referred to as “this Exhibit” or “Attachment C”) sets forth the information security and privacy requirements Sponsor is obligated to follow with respect to all confidential and sensitive information (as defined herein) disclosed to or collected by Sponsor, pursuant to the Agreement in which this Attachment is incorporated. The CDSS, Horne and Sponsor desire to protect the privacy and provide for the security of CDSS Confidential, Sensitive, and/or Personal (CSP) Information (hereinafter referred to as “CDSS CSP”) in compliance with state and federal statutes, rules and regulations.

- I. Order of Precedence.** With respect to information security and privacy requirements for all CDSS CSP, unless specifically exempted, the terms and conditions of this Attachment shall take precedence over any conflicting terms or conditions set forth in any other part of the Agreement between Sponsor and Horne.
- II. Effect on lower tier transactions.** The terms of this Attachment shall apply to all lower tier transactions (e.g., agreements, sub-agreements, contracts, subcontracts, and sub-awards, etc.). Sponsor shall incorporate the contents of this Attachment into each lower tier transaction.
- III. Confidentiality of Information.**
 - a. DEFINITIONS.** The following definitions apply to this Attachment and relate to CDSS Confidential, Sensitive, and/or Personal Information.
 - i. “Confidential Information” is information maintained by CDSS that is exempt from disclosure under the provisions of the California Public Records Act (Government Codes Sections 6250 et seq.) or has restrictions on disclosure in accordance with other applicable state or federal laws.
 - ii. “Sensitive Information” is information maintained by CDSS, which is not confidential by definition, but

Attachment C - CDSS Confidentiality and Information Security

requires special precautions to protect it from unauthorized access and/or modification (i.e., financial or operational information). Sensitive information is information in which the disclosure would jeopardize the integrity of CDSS (i.e., CDSS' fiscal resources and operations).

iii. "Personal Information" is information, in any medium (paper, electronic, or oral) that identifies or describes an individual (i.e., name, social security number, driver's license, home/mailling address, telephone number, financial matters with security codes, medical insurance policy number, Protected Health Information (PHI), etc.) and must be protected from inappropriate access, use or disclosure and must be made accessible to information subjects upon request. It can also be information in the possession of the Department in which the disclosure is limited by law or contractual Agreement (i.e., proprietary information, etc.).

iv. "Breach" is

1. the unauthorized acquisition, access, use, or disclosure of CDSS CSP in a manner which compromises the security, confidentiality or integrity of the information; or the same as the definition of "breach of the security of the system" set forth in California Civil Code Section 1798.29(f).

v. "Information Security Incident" is

1. unauthorized access or disclosure, modification or destruction of, or interference with, CDSS CSP that actually or potentially jeopardizes the confidentiality, integrity, or availability of an information system or the information the system processes, stores, or transmits or that constitutes a violation or imminent threat of violation of any state or federal law or in a manner not permitted under the Agreement, including this Exhibit.

Attachment C - CDSS Confidentiality and Information Security

- b. CDSS CSP which may become available to Sponsor as a result of the implementation of the Agreement shall be protected by Sponsor from unauthorized access, use, and disclosure as described in this Attachment.
- c. Sponsor is notified that unauthorized disclosure of CDSS CSP may be subject to civil and/or criminal penalties under state and federal law, including but not limited to:
 - California Welfare and Institutions Code Section 10850
 - Information Practices Act - California Civil Code Section 1798 et seq.
 - Public Records Act - California Government Code Section 6250 et seq.
 - California Penal Code Section 502, 11140-11144, 13301-13303
 - Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) - 45 CFR Parts 160 and 164
 - Safeguarding Information for the Financial Assistance Programs - 45 CFR Part 205.50
 - Unemployment Insurance Code Section 14013
- d. **EXCLUSIONS.** “Confidential Information”, “Sensitive Information”, and “Personal Information” (CDSS CSP) does not include information that
 - i. is or becomes generally known or available to the public other than because of a breach by Sponsor of these confidentiality provisions;
 - ii. already known to Sponsor before receipt from CDSS without an obligation of confidentiality owed to CDSS;
 - iii. provided to Sponsor from a third party except where Sponsor knows, or reasonably should know, that the disclosure constitutes a breach of confidentiality or a wrongful or tortious act; or

Attachment C - CDSS Confidentiality and Information Security

- iv. independently developed by Sponsor without reference to CDSS CSP.

IV. Sponsor Responsibilities.

- a. Training.** Sponsor shall instruct all employees, agents, and subcontractors with access to CDSS CSP regarding:
 - i. The confidential nature of the information;
 - ii. The civil and criminal sanctions against unauthorized access, use, or disclosure found in the California Civil Code Section 1798.55, Penal Code Section 502 and other state and federal laws;
 - iii. CDSS procedures for reporting actual or suspected information security incidents in Paragraph V - Information Security Incidents and/or Breaches; and
 - iv. That unauthorized access, use, or disclosure of CDSS CSP is grounds for immediate termination of this Agreement and may be subject to penalties, both civil and criminal.
- b. Use Restrictions.** Sponsor shall take the appropriate steps to ensure that their employees, agents, and subcontractors will not intentionally seek out, read, use, or disclose CDSS CSP other than for the purposes described in the Agreement and to meet its obligations under the Agreement.
- c. Disclosure of CDSS CSP.** Sponsor shall not disclose any individually identifiable CDSS CSP to any person other than for the purposes described in the Agreement and to meet its obligations under the Agreement.
- d. Subpoena.** If Sponsor receives a subpoena or other validly issued administrative or judicial notice requesting the disclosure of CDSS CSP, Sponsor will immediately notify the Horne Project Director and CDSS Information Security and Privacy Officer. In no event should notification to CDSS occur more than three (3) business days after receipt by Sponsor's responsible unit for handling subpoenas and court orders.

Attachment C - CDSS Confidentiality and Information Security

- e. **Information Security Officer.** Sponsor shall designate an Information Security Officer to oversee its compliance with this Attachment and to communicate with CDSS on matters concerning this Attachment.
- f. **Requests for CDSS CSP by Third Parties.** Sponsor shall promptly transmit to the Horne Project Director and CDSS Information Security and Privacy Officer all requests for disclosure of any CDSS CSP requested by third parties to the Agreement (except from an Individual for an accounting of disclosures of the individual's personal information pursuant to applicable state or federal law), unless prohibited from doing so by applicable state or federal law.
- g. **Documentation of Disclosures for Requests for Accounting.** Sponsor shall maintain an accurate accounting of all requests for disclosure of CDSS CSP Information and the information necessary to respond to a request for an accounting of disclosures of personal information as required by Civil Code Section 1798.25, or any applicable state or federal law.
- h. **Return or Destruction of CDSS CSP on Expiration or Termination.** Upon expiration or termination of the Agreement between Sponsor and Horne, or upon a date mutually agreed upon by the Parties following expiration or termination, Sponsor shall return or destroy CDSS CSP. If return or destruction is not feasible, Sponsor shall provide a written explanation to the Horne Project Director and CDSS Information Security and Privacy Officer, using the contact information in this Agreement. CDSS, in its sole discretion, will make a determination of the acceptability of the explanation and, if retention is permitted, shall inform Sponsor in writing of any additional terms and conditions applicable to the retention of CDSS CSP.
- i. **Retention Required by Law.** If required by state or federal law, Sponsor may retain, after expiration or termination, CDSS CSP for the time specified as necessary to comply with the law.
- j. **Obligations Continue Until Return or Destruction.** Sponsor's obligations regarding the confidentiality of CDSS CSP set forth in this Agreement, including but not limited to obligations related to responding to Public Records Act requests

Attachment C - CDSS Confidentiality and Information Security

and subpoenas shall continue until Sponsor returns or destroys CDSS CSP or returns CDSS CSP to CDSS; provided however, that on expiration or termination of the Agreement between Sponsor and Horne, Sponsor shall not further use or disclose CDSS CSP except as required by state or federal law.

k. Notification of Election to Destroy CDSS CSP. If Sponsor elects to destroy t CDSS CSP, Sponsor shall certify in writing, to the Horne Project Director and CDSS Information Security and Privacy Officer, using the contact information, that CDSS CSP has been destroyed.

l. Background Check. Before a member of Sponsor's workforce may access CDSS CSP, Sponsor must conduct a thorough background check of that worker and evaluate the results to assure that there is no indication that the worker may present a risk to CDSS information technology systems and/or CDSS data. Sponsor shall retain each workforce member's background check documentation for a period of three (3) years following Agreement termination.

m. Confidentiality Safeguards. Sponsor shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of CDSS CSP that it creates, receives, maintains, uses, or transmits pursuant to the Agreement. Sponsor shall develop and maintain a written information privacy and security program that includes administrative, technical and physical safeguards appropriate to the size and complexity of Sponsor's operations and the nature and scope of its activities, including at a minimum the following safeguards:

i. General Security Controls

1. Confidentiality Acknowledgement. By executing the Agreement and signing Paragraph XI, CDSS Confidentiality and Security Compliance Statement, Sponsor acknowledges that the information resources maintained by CDSS and provided to Sponsor may be confidential, sensitive, and/or personal and requires special precautions to protect it from

Attachment C - CDSS Confidentiality and Information Security

wrongful access, use, disclosure, modification, and destruction.

2. **Workstation/Laptop Encryption.** All Sponsor-owned or managed workstations, laptops, tablets, smart phones, and similar devices that process and/or store CDSS CSP must be encrypted using a FIPS 140-2 certified algorithm which is 128 bit or higher, such as Advanced Encryption Standard (AES). The encryption solution must be full disk unless approved by CDSS Information Security Office.
3. **Data Encryption.** Any CDSS CSP shall be encrypted at rest when stored on network file shares or document repositories.
4. **Server Security.** Servers containing unencrypted CDSS CSP must have sufficient administrative, physical, and technical controls in place to protect that data, based upon a risk assessment/system security review.
5. **Minimum Necessary.** Only the minimum necessary amount of CDSS CSP required to perform necessary business functions may be copied, downloaded, or exported.
6. **Removable Media Devices.** All electronic files that contain CDSS CSP must be encrypted when stored on any removable media or portable device (i.e., USB thumb drives, floppies, CD/DVD, smart phone, backup tapes etc.). Encryption must be a FIPS 140-2 certified algorithm which is 128 bit or higher, such as AES.
7. **Antivirus Software.** All Sponsor-owned or managed workstations, laptops, tablets, smart phones, and similar devices that process and/or store CDSS CSP must install and actively use comprehensive anti-virus software solution with automatic updates scheduled at least daily.

Attachment C - CDSS Confidentiality and Information Security

8. **Patch Management.** To correct known security vulnerabilities, Sponsor shall install security patches and updates in a timely manner on all Sponsor-owned or managed workstations, laptops, tablets, smart phones, and similar devices that process and/or store CDSS CSP as appropriate based on Sponsor's risk assessment of such patches and updates, the technical requirements of Sponsor's systems, and the vendor's written recommendations. If patches and updates cannot be applied in a timely manner due to hardware or software constraints, mitigating controls will be implemented based upon the results of a risk assessment.
9. **User IDs and Password Controls.** All users must be issued a unique user name for accessing CDSS CSP. Sponsor's password policy must be based on information security best practices for password length, complexity, and reuse.
10. **Data Destruction.** Upon termination of the Agreement, all CDSS CSP must be sanitized in accordance with NIST Special Publication 80088, Guidelines for Media Sanitization.

ii. **System Security Controls**

1. **System Timeout.** The system providing access to CDSS CSP must provide an automatic timeout, requiring re-authentication of the user session after no more than thirty (30) minutes of inactivity for applications, and fifteen (15) minutes of inactivity for desktops and laptops.
2. **Warning Banners.** All systems (servers, desktops, laptops, etc.) containing CDSS CSP must display a warning banner at login stating that data is confidential, systems are logged, and system use is for business purposes only. User must be directed to log off the system if they do not agree with these requirements.

Attachment C - CDSS Confidentiality and Information Security

3. **System Logging.** The system must maintain an automated audit trail which can identify the user or system process which initiates a request for CDSS CSP, or which alters CDSS CSP. The audit trail must be date and time stamped, must log both successful and failed accesses, must be read only, and must be restricted to authorized users. If CDSS CSP is stored in a database, database logging functionality must be enabled. Audit trail data must be archived for at least one (1) year after occurrence.
4. **Access Controls.** The system must use role based access controls for all user authentications, enforcing the principle of least privilege.
5. **Transmission Encryption.** All data transmissions of CDSS CSP by Sponsor outside the secure internal network must be encrypted using a FIPS 140-2 certified algorithm, such as Advanced Encryption Standard (AES), with a 128bit key or higher. Encryption can be end to end at the network level, or the data files containing CDSS CSP can be encrypted. This requirement pertains to any type of CDSS CSP in motion such as website access, file transfer, and email.
6. **Intrusion Detection.** All systems involved in accessing, holding, transporting, and protecting CDSS CSP that are accessible via the Internet must be protected by a comprehensive intrusion detection and prevention solution.

iii. Audit Controls

1. **System Security Review.** All systems processing and/or storing CDSS CSP must have at least an annual system risk assessment/security review which provides assurance that administrative, physical, and technical controls are functioning effectively and providing

Attachment C - CDSS Confidentiality and Information Security

adequate levels of protection. Reviews shall include vulnerability scanning tools.

2. **Log Reviews.** All systems processing and/or storing CDSS CSP must have a routine procedure in place to review system logs for unauthorized access.
3. **Change Control.** All systems processing and/or storing CDSS CSP must have a documented change control procedure that ensures separation of duties and protects the confidentiality, integrity and availability of data.

iv. **Business Continuity / Disaster Recovery Controls**

1. **Disaster Recovery.** Sponsor must establish a documented plan to enable continuation of critical business processes and protection of the security of electronic CDSS CSP in the event of an emergency. Emergency means any circumstance or situation that causes normal computer operations to become unavailable for use in performing the work required under this Agreement for more than twenty-four (24) hours.
2. **Data Backup Plan.** Sponsor must have established documented procedures to backup CDSS CSP to maintain retrievable exact copies of CDSS CSP. The plan must include a regular schedule for making backups, storing backups offsite, an inventory of backup media, and the amount of time to restore CDSS CSP should it be lost. At a minimum, the schedule must be a weekly full backup and monthly offsite storage of CDSS data.

v. **Paper Document Controls**

1. **Supervision of Information.** CDSS CSP in paper form shall not be left unattended at any time, unless it is locked in a file cabinet, file room, desk or office. Unattended means that information may be observed by an individual

Attachment C - CDSS Confidentiality and Information Security

not authorized to access the information. CDSS CSP in paper form shall not be left unattended at any time in vehicles or planes and shall not be checked in baggage on commercial airplanes.

2. **Escorting Visitors.** Visitors to areas where CDSS CSP are contained shall be escorted and CDSS CSP shall be kept out of sight while visitors are in the area.
3. **Confidential Destruction.** CDSS CSP must be disposed of through confidential means, such as cross cut shredding and/or pulverizing.
4. **Removal of Information.** CDSS CSP must not be removed from the premises of Sponsor except for identified routine business purposes or with express written permission of CDSS.
5. **Faxing.** CDSS CSP that must be transmitted by fax shall require that Sponsor confirms the recipient fax number before sending, takes precautions to ensure that the fax was appropriately received, maintains procedures to notify recipients if Sponsor's fax number changes, and maintains fax machines in a secure area.
6. **Mailing.** Paper copies of CDSS CSP shall be mailed using a secure, bonded mail service, such as Federal Express, UPS, or by registered U.S. Postal Service (i.e., accountable mail using restricted delivery). All packages must be double packed with a sealed envelope and a sealed outer envelope or locked box.

V. Information Security Incidents and/or Breaches of CDSS CSP

- a. **CDSS CSP Information Security Incidents and/or Breaches Response Responsibility.** Sponsor shall be responsible for facilitating the Information Security Incident and/or Breach response process as described in California Civil Code 1798.82(f), and State Administrative Manual (SAM)

Attachment C - CDSS Confidentiality and Information Security

Section 5340, Information Security Incident Management, including, but not limited to, taking:

- i. Prompt corrective action to mitigate the risks or damages involved with the Information Security Incident and/or Breach and to protect the operating environment; and
 - ii. Any action pertaining to such unauthorized disclosure required by applicable Federal and State laws and regulations.
- b. Discovery and Notification of Information Security Incidents and/or Breaches of CDSS CSP.** Sponsor shall notify the Horne Project Director and CDSS Information Security and Privacy Officer of an Information Security Incident and/or Breach as expeditiously as practicable and without unreasonable delay, taking into account the time necessary to allow Sponsor to determine the scope of the Information Security Incident and/or Breach, but no later than three (3) calendar days after the discovery of an Information Security Incident and/or Breach. Notification is to be made by telephone call and email.
- c. Isolation of System or Device.** A system or device containing CDSS CSP compromised by an exploitation of a technical vulnerability shall be promptly disconnected or quarantined and investigated until the vulnerability is resolved. Sponsor will notify CDSS and Horne within two (2) business days of a confirmed exploitation of a technical vulnerability and keep CDSS and Horne informed as to the investigation until resolution of the vulnerability is completed.
- d. Investigation of Information Security Incidents and/or Breaches.** Sponsor shall promptly investigate Information Security Incidents and/or Breaches of CDSS CSP. CDSS shall have the right to participate in the investigation of such Information Security Incidents and/or Breaches. CDSS shall also have the right to conduct its own independent investigation, and Sponsor shall cooperate fully in such investigations. Sponsor is not required to disclose their un-redacted confidential, proprietary, or privileged information. Sponsor will keep CDSS fully informed of the results of any such investigation.

Attachment C - CDSS Confidentiality and Information Security

- e. **Updates on Investigation.** Sponsor shall provide regular (at least once a week) email updates on the progress of the Information Security Incident and/or Breach investigation of CDSS CSP to the Horne Project Director and CDSS Information Security and Privacy Officer until the updates are no longer needed, as mutually agreed upon between Sponsor and the Horne Program Director/CDSS Information Security and Privacy Officer. Sponsor is not required to disclose their un-redacted confidential, proprietary, or privileged information.
- f. **Written Report.** Sponsor shall provide a written report of the investigation to the Horne Project Director and CDSS Information Security and Privacy Officer within thirty (30) business days of the discovery of the Information Security Incident and/or Breach of CDSS CSP. Sponsor is not required to disclose their un-redacted confidential, proprietary, or privileged information. The report shall include, but not be limited to, if known, the following:
 - i. Sponsor point of contact information;
 - ii. A description of what happened, including the date of the Information Security Incident and/or Breach of CDSS CSP and the date of the discovery of the Information Security Incident and/or Breach, if known;
 - iii. A description of the types of CDSS CSP that were involved and the extent of the information involved in the Information Security Incident and/or Breach;
 - iv. A description of the unauthorized persons known or reasonably believed to have improperly used or disclosed CDSS CSP;
 - v. A description of where CDSS CSP is believed to have been improperly transmitted, sent, or utilized;
 - vi. A description of the probable causes of the improper use or disclosure;
 - vii. Whether Civil Code Sections 1798.29 or 1798.82 or any other federal or state laws requiring individual notifications of breaches are triggered; and

Attachment C - CDSS Confidentiality and Information Security

viii. A full, detailed corrective action plan, including information on measures that were taken to halt and/or contain the Information Security Incident and/or Breach of CDSS CSP.

g. Cost of Investigation and Remediation. Per SAM Section 5305.8, Sponsor shall be responsible for all direct and reasonable costs incurred by Horne or CDSS due to Information Security Incidents and/or Breaches of CDSS CSP resulting from Sponsor's failure to perform or from negligent acts of its personnel, and resulting in the unauthorized disclosure, release, access, review, or destruction; or loss, theft or misuse of an information asset. These costs include, but are not limited to, notice and credit monitoring for twelve (12) months for impacted individuals, Horne staff time, CDSS staff time, material costs, postage, media announcements, and other identifiable costs associated with the Information Security Incident, Breach and/or loss of data.

VI. Contact Information. To direct communications to the above referenced Horne and CDSS staff, Sponsor shall initiate contact as indicated herein. Horne and CDSS reserve the right to make changes to the contact information below by giving written notice to Sponsor. Said changes shall not require an amendment to this Attachment or the Agreement to which it is incorporated.

Horne Project Director	CDSS Information Security & Privacy Officer
See Summary Cover Sheet of the Program Funding Agreement for Horne Project Director information	California Department of Social Services Information Security & Privacy Officer 744 P Street, MS 9-9-70 Sacramento, CA 95814 Email: iso@dss.ca.gov Telephone: (916) 651-5558

Attachment C - CDSS Confidentiality and Information Security

VII. Audits and Inspections. CDSS may inspect and/or monitor compliance with the safeguards required in this Attachment. Sponsor shall promptly remedy any violation of any provision of this Attachment and shall certify the same to the Horne Project Director and CDSS Information Security and Privacy Officer in writing. The fact that CDSS or Horne inspects, or fails to inspect, or has the right to inspect, does not relieve Sponsor of its responsibility to comply with this Attachment.

VIII. Amendment. The Parties acknowledge that federal and state laws regarding information security and privacy rapidly evolves and that amendment of this Attachment may be required to provide for procedures to ensure compliance with such laws. The Parties specifically agree to take such action as is necessary to implement new standards and requirements imposed by regulations and other applicable laws relating to the security or privacy of CDSS CSP.

IX. Interpretation. The terms and conditions in this Attachment shall be interpreted as broadly as necessary to implement and comply with regulations and applicable State laws. The Parties agree that any ambiguity in the terms and conditions of this Exhibit shall be resolved in favor of a meaning that complies and is consistent with federal and state laws and regulations.

X. Termination. An Information Security Incident and/or Breach of CDSS CSP by Sponsor, its employees, agents, or subcontractors, as determined by CDSS, may constitute a material breach of the Agreement between Sponsor and Horne and grounds for immediate termination of the Agreement.

XI. CDSS Confidentiality and Security Compliance Statement

**CALIFORNIA DEPARTMENT OF SOCIAL
SERVICES CONFIDENTIALITY AND SECURITY
COMPLIANCE STATEMENT V 2019 01**

Information resources maintained by the California Department of Social Services (CDSS) and provided to Sponsor may be confidential, sensitive, and/or personal and requires special precautions to protect it from wrongful access, use, disclosure, modification, and destruction.

We hereby acknowledge that the confidential and/or sensitive records of CDSS are subject to strict confidentiality requirements imposed by state and federal law, which may include, but are not limited to, the following; the California Welfare and

Attachment C - CDSS Confidentiality and Information Security

Institutions Code §10850, Information Practices Act - California Civil Code §1798 et seq., Public Records Act - California Government Code §6250 et seq., California Penal Code §502, 11140-11144, 13301-13303, Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) - 45 CFR Parts 160 and 164, and Safeguarding Information for the Financial Assistance Programs - 45 CFR Part 205.50. Contractor agrees to comply with the laws applicable to CDSS CSP received.

This Confidentiality and Security Compliance Statement must be signed and returned with the Agreement.

Project Representative

Name (Printed): _____
Title: _____
Business Name: _____
Email Address: _____
Phone: _____
Signature: _____
Date Signed: _____

READ and ACKNOWLEDGED: Information Security Officer (or authorized official responsible for business' information security program)

Name (Printed): _____
Title: _____
Business Name: _____
Email Address: _____
Phone: _____
Signature: _____
Date Signed: _____

Attachment C - CDSS Confidentiality and Information Security

ATTACHMENT C

CDSS CONFIDENTIALLY AND
INFORMATION SECURITY REQUIREMENTS

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ATTACHMENT D

SPONSOR CDSS CERTIFICATION

**Sponsor Certification Clause
CCC 04/2017**

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Sponsor to the clause(s) listed below. This certification is made under the laws of the State of California.

Sponsor/Bidder Firm Name (Printed)	Federal ID Number
------------------------------------	-------------------

By (Authorized Signature)

Printed Name and Title of Person Signing

Date Executed	E in the County of
---------------	---

SPONSOR CERTIFICATION CLAUSES:

ARTICLE 1. **STATEMENT OF COMPLIANCE**

Sponsor has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 11102) (Not applicable to public entities.)

ARTICLE 2. **DRUG-FREE WORK PLACE REQUIREMENTS**

Sponsor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

Attachment D – Sponsor/CDSS Certification

ATTACHMENT D

SPONSOR/CDSS CERTIFICATION

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- b) Establish a Drug-Free Awareness Program to inform employees about:
 - 1. the dangers of drug abuse in the workplace;
 - 2. the person's or organization's policy of maintaining a drug-free workplace;
 - 3. any available counseling, rehabilitation and employee assistance programs; and,
 - 4. penalties that maybe imposed upon employees for drug abuse violations.
- c) Every employee who works on the proposed Agreement will:
 - 1. Receive a copy of the company's drug-free policy statement; and
 - 2. agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Sponsor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: (1) the Sponsor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

ARTICLE 3. **NATIONAL LABOR RELATIONS BOARD CERTIFICATION**

Sponsor certifies that no more than one (1) final unappealable finding of contempt of court by a federal court has been issued against Sponsor within the immediately preceding two-year period because of Sponsors failure to comply with an order of a federal court which orders Sponsor to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

ARTICLE 4. **SUBCONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE–** **PRO BONO REQUIREMENT**

If applicable to Sponsor, Sponsor hereby certifies that Sponsor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Sponsor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the Agreement equal to the lessor of 30 multiplied by the number of full-time attorneys in the firm's offices in the State, with the number of hours prorated

Attachment D – Sponsor/CDSS Certification

on an actual day basis for any Agreement period of less than a full year or 10% of its Agreement with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services and may be taken into account when determining the award of future contracts with the State for legal services.

ARTICLE 5.
SWEATFREE CODE OF CONDUCT

- a) If applicable to Sponsor, all Sponsors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works Agreement, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the Agreement have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. Sponsor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov and Public Contract Code Section 6108.
- b) Sponsor agrees to cooperate fully in providing reasonable access to Sponsor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine Sponsor's compliance with the requirements under paragraph (a).

ARTICLE 6.
DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

6.1 LABOR CODE/WORKERS COMPENSATION:

Sponsor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Sponsor affirms to comply with such provisions before commencing the performance of the work of this Agreement. Labor Code Section 3700)

It is hereby mutually agreed that Sponsor shall forfeit to the State (enter amount from Labor Code Section 1775) dollars for each calendar day, or portion thereof, for each worker paid by

Attachment D – Sponsor/CDSS Certification

him or her, or subcontractor under him or her, less than the prevailing wage so stipulated and in addition Sponsor further agrees to pay to each worker the difference between the actual amount paid for each calendar day, or portion thereof, and the stipulated prevailing wage rate for the same. This provision shall not apply to properly, registered apprentices.

It is further agreed that the maximum hours a worker is to be employed is limited to eight hours a day and 40 hours a week and Sponsor shall forfeit, as a penalty to the State, twenty-five dollars (\$25) for each worker employed in the execution of the contract for each calendar day during which a worker is required or permitted to labor more than eight hours in any calendar day or more than 40 hours in any calendar week, in violation of Labor Code Sections 18101815, inclusive.

Properly registered apprentices may be employed in the prosecution of the work. Every such apprentice shall be paid the standard wage paid to apprentices under the regulations of the craft or trade at which he or she is employed, and shall be employed only at the work of the craft or trade to which he or she is registered. Sponsor and each of its subcontractor must comply with the requirements of Labor Code Section 1777.5 and any related regulations regarding the employment of registered apprentices.

Each Sponsor and any of Sponsor's subcontractors shall comply with the Labor Code Section 1776 regarding record keeping.

6.2 AMERICAN WITH DISABILITIES ACT:

Sponsor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

6.3 SPONSORS NAME CHANGE:

An amendment is required to change Sponsor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

6.4 CORPORATE QUALIFICATION TO DO BUSINESS IN CALIFORNIA:

- a) When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that Sponsor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b) "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate Sponsor performing within the state not be subject to the franchise tax.

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- c) Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California.

Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6.5 RESOLUTION:

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

6.6 AIR OR WATER POLLUTION VIOLATION:

Sponsor and/or its subcontractors shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

6.7 PAYEE DATA RECORD FORM STD. 204:

This form must be completed by all Sponsors that are not another state agency or other government entity.

6.8 CALIFORNIA CIVIL RIGHTS LAWS:

For Agreements executed or renewed after January 1, 2017, Sponsor certifies compliance with the Unruh Civil Rights Act (Section 51 of the Civil Code) and the Fair Employment and Housing Act (Section 12960 of the Government Code); and

6.9 EMPLOYER DISCRIMINATION POLICIES:

For Agreements executed or renewed after January 1, 2017, if Sponsor has an internal policy against a sovereign nation or peoples recognized by the United States government, Sponsor certifies that such policies are not used in violation of the Unruh Civil Rights Act (Section 51 of the Civil Code) and the Fair Employment and Housing Act (Section 12960 of the Government Code).

ARTICLE 7. **ANTITRUST CLAIMS**

Sponsor offers and agrees and will require all of its contractors and subcontractors and suppliers to agree to assign to the awarding body all rights, title, and interest in and to all causes of action

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they may have under Section 4 of the Clayton Act (Title 15, U.S.C. Section 15) or under the Cartwright Act (Chapter 2 [commencing with Section 16700] of Part 2 of Division 7 of the Business and Professions Code) arising from purchases of goods, services, or materials pursuant to the public works contract or subcontract. The assignment made by Sponsor and all additional assignments made by the subcontractors and suppliers shall be deemed to have been made and will become effective at the time the awarding body tenders final payment to Sponsor without further acknowledgment or the necessity of tendering to the awarding body any written assignments.

If an awarding body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under Government Code Sections 4550 to 4554, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, on demand, recover from the public body any portion of the recovery, including treble damages, and attributable overcharges that were paid by the assignor but were not paid by the public body as a part of the bid price, less the expenses incurred in obtaining that portion of the recovery. On demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under Government Code Sections 4550 to 4554 if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action.

Attachment D – Sponsor/CDSS Certification

ATTACHMENT E
STATEMENT OF WORK (“SOW”)

A: PROJECT AND SPONSOR INFORMATION	
Application ID:	Sponsor Name:
Project Title:	Legal Name:
Grant Project Address:	Entity Type:
	Co-Applicant Name (if applicable):
APN(s) #:	Acquisition with Grant Funds (Y/N):
B: LEAD AUTHORIZED REPRESENTATIVE	C: PROGRAM FUNDS & MATCH AMOUNT
First and Last Name:	Program Funds:
Title/Role:	COSR Funds:
Office Phone #:	Cash Match:
Mobile Phone #:	Total Funds:
Email:	
D: PROJECT CONSTRUCTION	
Building/Facility Type: <i>e.g., adult residential facilities (ARFs), residential care facilities for the elderly (RCFEs), Permanent Supportive Housing (PSH) that serves the needs of seniors and adults with disabilities (including models that provide site-based care, other residential care settings that serve the target population, including recuperative or respite care settings, or mixed-use:</i>	
Type of Project: <i>e.g., predevelopment, new construction, acquisition, renovation to expand capacity, adaptive reuse:</i>	
Current License Status: <i>e.g., in good standing, pending, N/A:</i>	
Target Population(s): <i>Describe the population that you are intending to serve, which should include Qualified Residents experiencing or at risk of homelessness, in accordance with your application for Program Funds.</i>	

E: PROJECT SCOPE REQUIREMENT

This section may include the project narrative, from Sponsor's application (Question No. 24), updated to include revisions made to finalize Sponsor's final award of Program Funds. This section should include the following 1) goals of the Project, 2) overall timeline, activities, and milestones, and 3) how you plan to conduct outreach to the intended target population of Qualified Residents experiencing or at risk of homelessness in order to serve them through the Project.

F: PROJECT EXPANSION SCOPE REQUIREMENTS

Facility Type # 1:	# New Beds / PSH Units:	# of New Beds / PSH Units for prioritized Qualified Residents experiencing or at risk of homelessness:	Total # of all Beds / PSH Units:	Total # of all Beds / PSH Units for Qualified Residents experiencing or at risk of homelessness:	New SQFT for Facility:
Facility Type # 2:	# New Beds / PSH Units:	# of New Beds / PSH Units for prioritized Qualified Residents experiencing or at risk of homelessness:	Total # of all Beds / PSH Units:	Total # of all Beds / PSH Units for Qualified Residents experiencing or at risk of homelessness:	New SQFT for Facility:
Facility Type # 3:	# New Beds / PSH Units:	# of New Beds / PSH Units for prioritized Qualified Residents experiencing or at risk of homelessness:	Total # of all Beds / PSH Units:	Total # of all Beds / PSH Units for Qualified Residents experiencing or at risk of homelessness:	New SQFT for Facility:
	Total # of New Beds / PSH Units:	Total # of New Beds / PSH Units for prioritized Qualified Residents experiencing or at risk of homelessness:	Total # of all beds / PSH Units:	Total # of all Beds / PSH Units for Qualified Residents experiencing or at risk of homelessness:	Total New SQFT:

G: PROJECT TASKS & DELIVERABLES**PRE-CONTRACTING**

The below outlines tasks and deliverables expected of CCE grant recipient to be completed prior to executing the Program Funding Agreement (PFA).

TASK 1: APPLICANT INFORMATION	
Description/Deliverables	\$ FUNDS ALLOTTED
Deliverables – All Applicants: <ul style="list-style-type: none"> Completed application via CCE portal. Government Tax ID (PFA 4.1.3) Articles of Incorporation Deliverables – For-Profit Entities: <ul style="list-style-type: none"> Proof of Prior Experience; <u>or</u> Memorandum of Understanding (MOU) or contract with collaborating entity (nonprofit organization, tribal entity, city, or county) Deliverables – LLCs: <ul style="list-style-type: none"> Articles of Organization Certificate of Good Standing 	<p>CASH MATCH AMOUNT AS REQUIRED TO START PROJECT</p> <p>[CASH MATCH MUST BE EXPENDED PRIOR TO DISBURSEMENT OF PROGRAM FUNDS TO SPONSOR]</p>
TASK 2: BUDGET INFORMATION	
Description/Deliverables	
Deliverables – All Applicants: <ul style="list-style-type: none"> Copy of finalized budget (Schedule 1 of SOW) 	
TASK 3: MATCH VERIFICATION	
Description/Deliverables	
Deliverables – All Applicants: <ul style="list-style-type: none"> Requirements of Cash Match Requirements of Property Equity Requirements of In-Kind Match 	
TASK 4: SITE READINESS/CONTROL	
Description/Deliverables	
Deliverables – All Applicants: <ul style="list-style-type: none"> Requirements of Cash Match Schematic Design Checklist Completed Site Plans, Design Development, and/or Construction Drawings, <i>if applicable</i>. <ul style="list-style-type: none"> Pre-Development Projects must provide proposed plans, development, and drawings. Design, Acquisition, and Construction Milestone Schedule Certificates of insurance evidencing coverages required by the PFA and naming Horne 	

and CDSS as additional insureds (*PFA 4.1.7*)

- As stated in Article 11 of the PFA:
 - 11.1.1 A **Builders Risk policy** including a permission to occupy endorsement during the course of construction, and upon completion of construction, if the Project is new construction, property insurance covering all risks of loss, excluding earthquake, flood or other risks customarily excluded from “All-Risks” coverage, in an amount equal to full replacement cost of the Project, including all improvements, fixtures, furnishings and equipment thereon at the time of loss.
 - 11.1.2 If the Project is rehabilitation of an existing facility, property insurance covering all risks of loss, excluding earthquake, flood or other risks customarily excluded from “**All-Risks**” coverage, in an amount equal to the full replacement costs of all improvements located on the property upon which the Project is to be constructed, including all improvements, fixtures, furnishings and equipment thereon at the time of loss. Upon completion of the rehabilitation, any property insurance policy shall be updated to reflect the increased replacement costs resulting from the rehabilitation.
 - 11.1.3 **Worker’s compensation insurance** as required by the State.
 - 11.1.4 **Comprehensive automobile and vehicle liability insurance** covering claims for injuries to members of the public and/or damages to property of others arising from use of motor vehicles, including on-site and off-site operations, and owned, non-owned, or hired vehicles with \$1,000,000 combined single limits. Commercial general liability insurance of not less than \$1,000,000 per occurrence with an annual aggregate limit of [\$5,000,000/\$2,000,000] for bodily injury and property damage liability combined. The Sponsor’s required limits may be satisfied through a combination of general liability and umbrella policies of coverage. The commercial general liability insurance policy shall cover liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. The commercial general liability insurance shall apply to each insured against whom claim is made or suit is brought subject to Sponsor’s limit of liability.
- **A title report** reflecting all existing liens, encumbrances, taxes owed, easements, covenants or any other restrictions on the real property upon which the Project is to be constructed or operated. If Sponsor’s interest in the real property upon which the Project is to be constructed or operated is a leasehold, then Sponsor shall provide a current title report for the leasehold interest and the fee interest. For tribal trust land, Sponsor shall provide a certified Title Status Report (“TSR”) from the U.S. Department of the Interior Bureau of Indian Affairs (“BIA”) or an attorney’s opinion regarding chain of title and current title status. (*PFA 4.1.8*) (*Not required for Pre-Development Projects*)
- Copy of building permit receipt and notice of exemption filed
- Certification of project construction is 50% complete.
- Receipt of certificate of occupancy
- Notice of completion and receipt of unconditional lien releases
- Receipt of business license and certificate of occupancy
- Anticipated expiration date of the agreement & transfer to state oversight

Future Project funding is dependent on successful completion of Deliverables and Certifications of this Task 4. If any of these Deliverables or Certifications are submitted at Task 2, these Deliverables and Certifications are not required to be submitted pursuant to this Task 4, unless otherwise required by Administrator in its sole discretion.

TASK 5: SPONSOR LEGAL REVIEW

Description/Deliverables

Deliverables – All Applicants:

- An authorizing resolution or set of authorizing resolutions that, in Horne’s reasonable determination, materially comports with the Program Requirements. (PFA 4.1.4)
- A signed opinion letter from Sponsor’s legal counsel opining that this Agreement, the Declaration of Restrictions, the Performance Deed of Trust, and the Program Requirements do not conflict with any existing contract, agreement, or other requirement applicable to Sponsor, the property upon which the Project is to be constructed or operated, or the Project, and are otherwise enforceable against Sponsor; and such opinion letter shall be in the form and substance acceptable to Horne and CDSS, in their sole discretion. (PFA 4.1.9)

TASK 6: PFA ATTACHMENTS

Description/Deliverables

Deliverables – All Applicants:

The certifications below will be provided by Administrator:

- Attachment B - Signed Certification Regarding Lobbying and Conflicts of Interest
- Attachment C - Signed CDSS Confidentiality and Information Security
- Attachment D - Signed Sponsor CDSS Certification
- Attachment F - Payment Schedule
- Attachment G (Certification #1) - Related Party & Related Party Transaction Disclosure
- Attachment G (Certification #2) - Legal Review of CA Welfare and Institutions Code §18999.97(l)
- Attachment I1 - Declaration of Restrictions) (*Not required for Pre-Development Projects*)
- Attachment I2 - Declaration of Restrictions for Projects with COSR) (*Not required for Pre-Development Projects*)
- Attachment J1 - Performance Deed of Trust, Security Agreement and Fixture Filing) (*Not required for Pre-Development Projects*)
- Attachment J2 - Performance Deed of Trust, Security Agreement and Fixture Filing for Projects with COSR) (*Not required for Pre-Development Projects*)
- Attachment K – Construction Contract Addendum, *if applicable*
- Attachment L - California Department of Social Services Community Care Expansion Program COSR Agreement
- Recorded Dates in Attachment H – Performance Milestones
 - Match funds, property equity, or in-kind match (*See Task 3*)
 - Declaration of restrictions and performance deed of trust (*Attachment I*)

<p><i>and Attachment J)</i></p> <ul style="list-style-type: none"> ○ Certification of legal review of ca welfare and institutions code §18999.97(i) (<i>Attachment G, Certification #2</i>) ○ Evidence of planning agency review and approval (<i>Preconstruction Performance Milestone</i>) ○ Due diligence completed for acquisition. (<i>Preconstruction Performance Milestone</i>) ○ Acquisition - close of escrow/declaration of restrictions & performance (<i>See Task 8</i>) ○ Delivery of design development drawings 100% complete (<i>See Task 4</i>) ○ Delivery of construction drawings for first submittal to building dept (<i>See Task 4</i>) ○ Construction contract with construction contract rider (<i>See Task 9</i>) ○ Evidence of prevailing wage compliance (<i>Preconstruction Performance Milestone</i>) ○ Copy of building permit receipt and notice of exemption filed. (<i>See Task #4</i>) ○ Evidence of required insurance and notice to proceed. (<i>See Task #4</i>) ○ Certification of project construction is 50% complete. (<i>See Task #4</i>) ○ Receipt of certificate of occupancy (<i>See Task #4</i>) ○ Notice of completion and receipt of unconditional lien releases (<i>See Task #4</i>) ○ Receipt of business license and certificate of occupancy (<i>See Task #4</i>) ○ Anticipated expiration date of the agreement & transfer to state oversight (<i>See Task #4</i>) (<i>Preconstruction Performance Milestone</i>)
<p>Post-Contracting The below outlines tasks and deliverables required of CCE grant recipient prior to disbursement of funds.</p>
<p>TASK 7: REQUIREMENT FOR DISBURSEMENT OF PROGRAM FUNDS – ALL APPLICANTS</p>
<p>Description/Deliverables</p>
<p>Deliverables – All Applicants:</p> <ul style="list-style-type: none"> • Executed Program Funding Agreement (PFA) • All documentation necessary to complete draw request. • Delivery of all items listed in Attachment H required for the disbursements of Program Funds, as applicable. (<i>PFA 4.2.2</i>) <i>Either documentation is provided or a clear path with dates indicating when these milestones will be met, and respective documents will be submitted.</i>
<p>TASK 8: REQUIREMENT FOR DISBURSEMENT OF PROGRAM FUNDS – ACQUISITION</p>
<p>Description/Deliverables</p>

Deliverables – Acquisition

- Purchase and Sale Agreement (mutually executed by buyer and seller) (*PFA 4.3.1*)
- Certified Appraisal Report (*PFA 4.3.2*)
- A commitment from a title insurance company for an ALTA Lenders Title Insurance policy in a form acceptable to Horne in the amount of the Program Funds. The condition of title, the insurer, the liability amount, the form of policy, and the endorsements shall be subject to Horne approval. The policy shall insure that Sponsor holds good and marketable title (fee simple or leasehold) and shall show the Performance Deed of Trust and Declaration of Restrictions in the lien priority approved by Horne and only subject to such title exceptions as are approved by Horne, its designee, or CDSS; (*PFA 4.3.3*)
- Evidence of any additional funds necessary for Sponsor to acquire the property upon which the Project is to be constructed if the Program Funds are not providing the full amount of the acquisition costs; (*PFA 4.3.4*)
- Signed Escrow Instructions (*PFA 4.3.5*)
- If the SOW includes the acquisition of real property, Sponsor shall provide a Phase I Environmental Site Assessment (“ESA”) for the Project, in conformance with ASTM Standard Practice E 1527, evaluating whether the Project is affected by any recognized environmental conditions. If the Phase I ESA discloses evidence of recognized environmental conditions and Sponsor desires to proceed with the Project, Sponsor shall provide Horne with a Phase II report and any additional reports as required by Horne and in a form acceptable to Horne. Sponsor shall also provide an asbestos assessment and a lead-based paint report for Horne’s approval if the Project involves rehabilitation or demolition of existing improvements. Prior to disbursement of Program Funds for real property acquisition, Horne shall require Sponsor to provide evidence to Horne that all recommendations of the Phase I or Phase II ESA have been complied with or shall be complied with prior to commencement of construction. Prior to disbursement of Program Funds for any rehabilitation work, Horne shall require the Sponsor to provide evidence that all asbestos and/or lead-based paint has been abated. (*PFA Article 16*)

TASK 9: REQUIREMENT FOR DISBURSEMENT OF PROGRAM FUNDS – CONSTRUCTION**Description/Deliverables**

Deliverables – Construction

- Plans and specifications for the construction work
- Plans and specifications for the construction work approved by Horne (*PFA 4.4.1*)
- An executed construction contract, based on a permitted set of construction plans with a licensed general contractor for an amount consistent with the construction costs in the approved Project budget, based on the sources and uses attached hereto as Exhibit A and Exhibit B (as the same may be modified from time to time, with prior notice to Horne, the “Project Budget”) that incorporates the requirements of this Agreement including, but not limited to, the prevailing wage requirements, and contains the Construction Contract Rider in the form attached as Attachment K; (*PFA 4.4.2*)
- Copies of labor and material bonds and performance bonds for the construction work in an amount equal to one hundred percent (100%) of the cost of construction, naming Horne and CDSS as co-obligees on the bonds; (*PFA 4.4.3*)
- A written request for Program Funds on a form approved by Horne providing sufficient detail and with sufficient supporting documentation to permit Horne or its designee to confirm that the request is consistent with the terms of this Agreement and the Project Budget accompanied by (a) certification by Sponsor’s architect or project manager that the work for which disbursement is requested has been completed (although Horne reserves the right to inspect or have its designee inspect the Project and make an independent evaluation); (b) invoices and related back-up information and documentation required by Horne evidencing the amounts being requested; and (c) lien releases and/or mechanics lien title insurance endorsements reasonably acceptable to Horne; and (*PFA 4.4.4*)
- Applicable documents and deliverables described in Attachment H required for the disbursements of Program Funds. (*PFA 4.4.5*)

TASK 10: REQUIREMENT FOR DISBURSEMENT OF PROGRAM FUNDS – PRE-DEVELOPMENT**Description/Deliverables****Deliverables – Pre-Development**

- Completed items applicable to Pre-Development outlined in Pre-Contracting Tasks 1-6
- Completed items outlined in Post-Contracting Task 7

TOTAL:	TOTAL FUNDING AMOUNT = PROGRAM FUNDS + CASH MATCH	VALUE OF CELL C144 + CASH MATCH AMOUNT
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SCHEDULE 1

[PROJECT BUDGET ATTACHED]

CCE APPLICANT INFORMATION				
Applicant Name and Contact Information				
County or Tribal Nation				
Organization Name:				
Name of Proposed Project:				
Projected Start Date:				
Contact Name, Email & Phone:				
Assessor Parcel Number (APN)				
Assessor Parcel Number (APN)				
CCE GRANT FULL BUDGET INFORMATION				
<i>Project Development Costs by Phase</i>				
	Funded by Grant	Funded by Match	Total Costs	Notes
FEASIBILITY/DUE DILIGENCE				
Owner Administration (10% autofill)	\$0		\$0	
Legal			\$0	
Architect			\$0	
Consultants (Specify)			\$0	
Engineers			\$0	
Construction Manager/Owner's Rep			\$0	
SIR (Site Investigation Report)			\$0	
Site Surveys (soils & enviro)			\$0	
Other Feasibility/ Due Diligence Costs			\$0	
Other Feasibility/ Due Diligence Cost			\$0	
Contingency (10% autofill)	\$0		\$0	
Total Feasibility Costs	\$0	\$0	\$0	
PRE-DEVELOPMENT - (CCE ONLY)				
Owner Administration (10% autofill)	\$0		\$0	
Legal			\$0	
Architect (Schematic Design)			\$0	
Construction Manager/Owner's Rep			\$0	
Civil Engineering			\$0	
MEP Engineers			\$0	
Consultants (Specify)			\$0	
Consultants (Specify)			\$0	
Other Pre-Dev Costs (Specify)			\$0	
Other Pre-Dev Costs (Specify)			\$0	
Other Pre-Dev Costs (Specify)			\$0	
Contingency (20% autofill)	\$0		\$0	
Total Pre-Development Costs	\$0	\$0	\$0	
DEVELOPMENT PLANNING				
Owner Administration (10% autofill)	\$0		\$0	
Legal			\$0	
Architect (DD and CD's)			\$0	
Construction Manager/Owner's Rep			\$0	
Civil Engineer			\$0	
MEP Engineer			\$0	
Structural Engineer			\$0	
Consultants (Specify)			\$0	
Consultants (Specify)			\$0	
Consultants (Specify)			\$0	
Other Dev Planning Costs (Specify)			\$0	
Other Dev Planning Costs (Specify)			\$0	
Other Dev Planning Costs (Specify)			\$0	
Contingency (20% autofill)	\$0		\$0	
Total Development Planning Costs	\$0	\$0	\$0	

LAND COSTS/ACQUISITION				
Owner Administration (2% autofill)	\$0		\$0	
Land Cost or Value			\$0	
Demolition			\$0	
Legal			\$0	
Broker Fee			\$0	
Appraisal Fee			\$0	
Construction Manager			\$0	
Closing Costs			\$0	
Land Lease Rent Prepayment			\$0	
Other Acquisition Costs (Specify)			\$0	
Contingency (5% autofill)	\$0		\$0	
Total Land Costs	\$0	\$0	\$0	
Existing Improvements Value (for Match)			\$0	
Off-Site Improvements			\$0	
Total Acquisition Costs	\$0	\$0	\$0	
REHABILITATION				
Owner Administration (5% autofill)	\$104,750		\$104,750	
Legal	\$45,000		\$45,000	
Construction Manager/Owner's Rep		\$50,000	\$50,000	
Physical Needs Assessment (PNA)	\$15,000		\$15,000	
Site Work (Materials and Labor)	\$540,000		\$540,000	
Structures (Materials and Labor)	\$1,200,000		\$1,200,000	
General Requirements/Requirements	\$75,000		\$75,000	
Contractor Overhead	\$55,000		\$55,000	
Contractor Profit			\$0	
Prevailing Wages Administration	\$45,000		\$45,000	
General Liability Insurance	\$120,000		\$120,000	
Relocation Costs			\$0	
Project Inspection			\$0	
Signage and Marketing			\$0	
Furniture/Fixtures/Equipment (FFE)			\$0	
Urban Greening			\$0	
Other Rehabilitation: (Specify)			\$0	
Other Rehabilitation: (Specify)			\$0	
Other Rehabilitation: (Specify)			\$0	
Owner's Contingency (20% autofill)	\$439,950		\$439,950	
Total Rehabilitation Costs	\$2,639,700	\$50,000	\$2,689,700	
NEW CONSTRUCTION				
Owner Administration (5% autofill)	\$500,000		\$500,000	
Legal			\$0	
Construction Manager/Owner's Rep			\$0	
Site Work (Materials and Labor)	\$5,000,000		\$5,000,000	
Hard Costs (Materials and Labor)	\$5,000,000		\$5,000,000	
General Conditions/Requirements			\$0	
Contractor Profit			\$0	
Prevailing Wages Administration			\$0	
General Liability Insurance			\$0	
Project Inspection			\$0	
FFE (Furniture/Fixtures/Equipment)			\$0	
Signage & Marketing			\$0	
Urban Greening			\$0	
Other New Construction: (Specify)			\$0	
Other New Construction: (Specify)			\$0	
Other New Construction: (Specify)			\$0	
Other New Construction: (Specify)			\$0	
Other New Construction: (Specify)			\$0	
Owner's Contingency (20% autofill)	\$2,100,000		\$2,100,000	
Total New Construction Costs	\$12,600,000	\$0	\$12,600,000	

CONSTRUCTION PERMITS & FEES				
Owner Administration (10% autofill)	\$0		\$0	
Bond Premium or Subcontractor Default Insurance (SDI)			\$0	
Builders Risk Insurance			\$0	
Title and Recording			\$0	
Permit Fees			\$0	
Local Development Impact Fees			\$0	
Employment Reporting			\$0	
Other Const. Permits & Fees (Specify)			\$0	
Other Const. Permits & Fees (Specify)			\$0	
Other Const. Permits & Fees (Specify)			\$0	
Owner's Contingency (10% autofill)	\$0		\$0	
Total Construction Permits & Fees	\$0	\$0	\$0	
RESERVES				
COSR Funds	\$3,000,000		\$3,000,000	
Total Reserves Amount	\$3,000,000	\$0	\$3,000,000	
OTHER PROJECT COSTS				
Post Construction Commissioning			\$0	
Marketing/PR/Communications			\$0	
Move-In fees			\$0	
Accounting/Reimbursable			\$0	
Other Costs: (Specify)			\$0	
Other Costs: (Specify)			\$0	
Other Costs: (Specify)			\$0	
Other Costs: (Specify)			\$0	
Owner's Contingency (10% autofill)	\$0		\$0	
Total Other Project Costs	\$0	\$0	\$0	
DEVELOPER COSTS				
Developer Overhead			\$0	
Consultants/Processing Agents			\$0	
Project Administration			\$0	
Other Developer Costs: (Specify)			\$0	
Total Developer Costs	\$0	\$0	\$0	
Developer Fee (5%)			\$1,038,983	<i>Excludes Contingency \$</i>
TOTAL PROJECT COSTS	\$18,239,700	\$50,000	\$19,328,683	TOTAL includes Developer Fee and Match Amount

	\$	% of Total	
Match \$ Amount & % of Total Costs	\$50,000	0.32%	<i>Excludes Contingency & Developer Fee</i>
Total Contingency	\$2,539,950	13.93%	<i>% of Total Project Cost, excludes Developer Fee</i>
Total Reserves	\$3,000,000	16.45%	<i>% of Total Project Cost, excludes Developer Fee</i>
Total Administration	\$604,750	3.31%	<i>% of Total Project Cost, excludes Developer Fee</i>

Attachment F: Payment Schedule

Payment schedule: No more than once per month, Sponsor shall submit a complete draw request to Horne, or its designee, in a form determined by Horne for a specific amount of funds confirmed by specific invoices and supporting documents for actual work completed. Horne shall disburse Program Funds to Sponsor or directly to its vendors within thirty (30) days of Horne, or its designee's, written approval of Sponsor's complete draw request.

ATTACHMENT G

SPONSOR COMPLIANCE DELIVERY OBLIGATIONS

CERTIFICATION:	RELATED PARTY & RELATED PARTY TRANSACTION DISCLOSURE
CERTIFICATION:	LEGAL REVIEW OF CA WELFARE AND INSTITUTIONS CODE §18999.97(l)

SPONSOR'S CERTIFICATION:

RELATED PARTY & RELATED PARTY TRANSACTION DISCLOSURE

I, _____, as an authorized representative of _____ [insert **Sponsor name**] ("Sponsor"), hereby certify that:

1. I possess the legal authority to submit this certification on behalf of Sponsor and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from California Department of Social Services ("CDSS") pursuant to the Community Care Expansion Program for the _____ ("Project") [insert name and description of project to be funded] and acknowledge that CDSS and its contract manager, Horne LLP ("Horne") are relying on this information in awarding and disbursing Program Funds.
3. Sponsor certifies that it has disclosed to Horne and/or CDSS the composition of Sponsor including any entity, member, manager, partner, or person that directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or common control with Sponsor ("Related Party" or "Related Parties").
4. Sponsor certifies that it shall disclose to Horne and/or CDSS, promptly, any change in ownership or control of Sponsor or any merger or acquisition that changes the control of Sponsor. For purposes herein, "control" shall mean any entity that has an ownership interest of greater than twenty percent (20%) in Sponsor, or, has the authority to direct or cause the direction of the affairs or management of Sponsor.
5. Sponsor certifies that it shall disclose to Horne and/or CDSS, promptly, upon the existence or discovery of an actual or potential transaction, agreement, or settlement with a Related Party in connection with the Project ("Related Party Transaction").
6. Sponsor certifies that it shall disclose to Horne and/or CDSS: (1) the nature of the relationship, (2) the nature of the potential or actual transaction, agreement, or settlement, (3) the dollar amounts of any such transaction, agreement, or settlement, (4) the dollar amounts due to or from any Related Party, and (5) documents and any additional information, as may be required by Horne and/or CDSS in their sole discretion.

SIGNATURES ON THE FOLLOWING PAGE

I certify that the above information is true and correct and that Sponsor shall comply with all requirements set forth above, in Sponsor's Certification: Related Party & Related Party Transaction Disclosure as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

SPONSOR'S CERTIFICATION:

LEGAL REVIEW OF CA WELFARE AND INSTITUTIONS CODE §18999.97(1)

I, _____, as an authorized representative of _____ [insert **Sponsor name**] ("Sponsor"), certify that:

1. I possess the legal authority to submit this certification on behalf of Sponsor and the information and statements set forth below are, to the best of my knowledge and belief, true and correct.
2. I am providing this information in connection with an application for funding from California Department of Social Services ("CDSS") pursuant to the Community Care Expansion Program for the _____ ("Project") [insert name and description of project to be funded] and acknowledge that CDSS and its contract manager, Horne LLP ("Horne") are relying on this information in awarding and disbursing Program Funds.
3. Sponsor certifies that it has had the opportunity to seek advice from legal counsel as to its rights and responsibilities regarding California Welfare and Institutions Code §18999.97(1) set forth below:

Any project that receives funds pursuant to this section shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and any applicable coastal plan, local or otherwise, shall be allowed as a permitted use, within the zone in which the structure is located, shall not be subject to a conditional use permit, discretionary permit, or any other discretionary reviews or approvals, and shall be deemed as a ministerial action under Section 15268 of Title 14 of the California Code of Regulations.

SIGNATURES ON THE FOLLOWING PAGE

I certify under penalty of perjury that the above information is true and correct and that Sponsor has read and understands the terms of this certification and shall comply with all requirements set forth above in Sponsor's Certification: Legal Review of CA Welfare and Institutions Code §18999.97(1) as a condition of receiving the Program Funds.

Authorized Signature

Typed Name of Signatory

Title of Signatory

Date

CCE

ATTACHMENT H - PERFORMANCE MILESTONES

Name of Organization

Person completing form:

These Performance Milestones are the basis for your Project's Payment Schedule so that Program Funds are timely obligated and expended.

ESTIMATED MILESTONES

Preconstruction/Acquisition, Construction, Move-in

PHASE	MILESTONE	COMPLETION DATE: Not To Exceed
Preconstruction	MATCH FUNDS, PROPERTY EQUITY, OR IN-KIND MATCH	Project specific or N/A
Preconstruction	DECLARATION OF RESTRICTIONS AND PERFORMANCE DEED OF TRUST	
Preconstruction	CERTIFICATION OF LEGAL REVIEW OF CA WELFARE AND INSTITUTIONS CODE §18999.97(I)	
Preconstruction	EVIDENCE OF PLANNING AGENCY REVIEW AND APPROVAL	
Preconstruction	DUE DILIGENCE COMPLETED FOR ACQUISITION	
Acquisition	ACQUISITION - CLOSE OF ESCROW/DECLARATION OF RESTRICTIONS & PERFORMANCE	
Preconstruction	DELIVERY OF DESIGN DEVELOPMENT DRAWINGS 100% COMPLETE	
Preconstruction	DELIVERY OF CONSTRUCTION DRAWINGS FOR FIRST SUBMITTAL TO BUILDING DEPT	
Preconstruction	CONSTRUCTION CONTRACT WITH CONSTRUCTION CONTRACT RIDER	
Preconstruction	EVIDENCE OF PREVAILING WAGE COMPLIANCE	Completion before [_____]
Preconstruction	COPY OF BUILDING PERMIT RECEIPT AND NOTICE OF EXEMPTION FILED	
Construction	EVIDENCE OF REQUIRED INSURANCE AND NOTICE TO PROCEED	
Construction	CERTIFICATION OF PROJECT CONSTRUCTION IS 50% COMPLETE	Completion before [_____] Project specific, N/A [_____]
Construction	RECEIPT OF CERTIFICATE OF OCCUPANCY	
Move-In	NOTICE OF COMPLETION AND RECEIPT OF UNCONDITIONAL LIEN RELEASES	
Move-In	RECEIPT OF BUSINESS LICENSE AND CERTIFICATE OF OCCUPANCY	Completion before [_____] Project specific, N/A [_____]
CLOSE OUT	ANTICIPATED EXPIRATION DATE OF THE AGREEMENT & TRANSFER TO STATE OVERSIGHT	

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
[County/State]
ADDRESS
ADDRESS
ADDRESS
Attention: Name
NO FEE FOR RECORDING PURSUANT TO
GOVERNMENT CODE SECTION 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Attachment I-1

DECLARATION OF RESTRICTIONS

This Declaration of Restrictions (the “**Declaration**”), dated _____ for reference purposes, by _____ [INSERT NAME OF REAL PROPERTY OWNER AND TYPE OF ENTITY] (the “**Owner**”), is hereby given to and on behalf of the Department of Social Services, a public agency of the State of California (“**CDSS**”).

RECITALS

A. This Declaration affects Owner’s interest in that certain real property commonly known as _____ [INSERT ADDRESS OF REAL PROPERTY], located in the City of _____ [INSERT NAME OF CITY], County of _____ [INSERT NAME OF COUNTY], State of California, and the improvements thereon (the “**Property**”); as more particularly described and shown on Exhibit A attached hereto and incorporated herein by this reference;

B. Owner and Horne LLP (“**Horne**”), as a contractor to CDSS, entered into that certain Program Funding Agreement, of even date herewith (the “**Program Funding Agreement**”), whereby Owner agreed to renovate or construct certain improvements on the Property and Horne agreed to disburse funds to Owner in accordance with the terms thereof (in an amount not to exceed _____ Dollars (\$_____) (the “**Program Funds**”);

C. The Program Funds are provided pursuant to the Community Care Expansion Program, authorized under Welfare and Institutions Code Section 18999.97-18999.98, established by California Assembly Bill No. 172 (Chapter 696, Statutes of 2021), to fund the acquisition, construction, or rehabilitation of adult and senior care facilities that service applicants and recipients of Supplemental Security Income/State Supplementary Payment (“**SSI/SSP**”) and Cash Assistance Program for Immigrants (“**CAPI**”) applicants and recipients who are experiencing or are at risk of homelessness; and

D. This Declaration shall be secured by a Performance Deed of Trust, the form of which is set forth in Attachment J to the Program Funding Agreement, encumbering Owner’s fee

interest in the Property; and the Property shall be owned, held, used, maintained, and transferred pursuant to the covenants, conditions, restrictions, and limitations as further described herein.

NOW, THEREFORE, in consideration of the foregoing and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner hereby covenants, agrees, and declares the following:

AGREEMENT

1. **Use of Property.** Owner, for itself, and for its successors and assigns, hereby declares and covenants that for the term of this Declaration, all use of the Property, and any improvements thereon, shall be restricted to continuous, and lawful use in accordance with the uses described in Exhibit B, attached hereto and incorporated by this reference. Any such other use shall require the express prior written approval of Horne or CDSS in its sole and absolute discretion and the recording of a new Declaration of Restrictions reflecting the use(s) agreed upon which shall thereafter supersede this Declaration.

2. **Maintenance, Repair, and Improvement of the Property.** Owner agrees:

2.1. To keep the Property, and all improvements thereon, in decent, safe, and sanitary condition and repair, and to permit no waste thereof;

2.2. Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable, except in accordance with this Declaration;

2.3. Not to construct any buildings or improvements on the Property, other than the buildings and improvements contemplated as part of this Declaration, that would detrimentally affect the Property; or add to, remove, demolish or structurally alter any buildings or improvements included as part of the Property, now or hereinafter located on the Property;

2.4. To promptly repair, restore or rebuild any buildings or improvements on the Property that may be damaged or destroyed while subject to this Declaration;

2.5. To comply with all applicable laws affecting the Property, and not to suffer or permit any violations of any such applicable law, nor of any covenant, condition or restriction affecting the Property;

2.6. Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without Horne or CDSS's prior written consent; and

2.7. Not to alter the use of all or any part of the Property without Horne or CDSS's prior written consent.

3. **Restrictions on Sale, Encumbrance, and Other Acts.**

3.1. Owner shall not, except with Horne or CDSS's prior written consent, make any sale, encumbrance, hypothecation, assignment, refinancing, pledge, conveyance, or transfer of the Property or of any of its interest in the Property.

3.2. If Horne or CDSS determine, in their sole and absolute discretion, to grant prior written consent for a sale, transfer or conveyance of the Property, such consent may impose terms and conditions, as necessary, to preserve or establish the fiscal integrity of the Property or to ensure compliance with this Declaration and/or Program Requirements.

3.3. **Charges; Liens.** Owner shall pay all taxes, assessments, and other charges, fines and impositions attributable to the Property, if any, by Owner making payment, when due, directly to the payee thereof. Owner shall promptly furnish to Horne or CDSS all notices of amounts due under this subsection, and where Owner makes direct payments, Owner shall promptly furnish to Horne or CDSS its receipts evidencing such payments. Owner shall pay when due all encumbrances, charges, and liens on the Property, and shall make payments on notes or other obligations secured by an interest in the Property, with interest in accordance with the terms thereof. Owner shall have the right to contest in good faith any claim or lien, or payment due thereunder, so long as Owner does so diligently and without prejudice to Horne or CDSS.

4. **Building Permits.** Owner agrees not to apply for or accept any permits for the construction of improvements on the Property that are inconsistent with the lawful operation of the Property, as such Property is described in this Declaration.

5. **Hazard and Liability Insurance and Condemnation.**

5.1. Owner shall keep the Property insured against loss by fire and such other hazards, casualties, liabilities, and contingencies, and in such amounts and for such periods as required by Horne and CDSS. All insurance policies and renewals thereof shall be issued by a carrier and in a form acceptable to Horne and CDSS.

5.2. In the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, the Owner shall have the right to rebuild the Property and to use all available insurance or condemnation proceeds therefor; provided that, as determined by Horne or CDSS in its sole and absolute discretion: (a) such proceeds are sufficient to rebuild the Property in a manner that ensures continued operation in accordance with this Declaration; and (b) no material breach or default then exists under the Program Funding Agreement. If the casualty or condemnation affects only part of the Property and if total rebuilding is infeasible, then the insurance or condemnation proceeds may be used for partial rebuilding and/or partial repayment of the Program Funds. CDSS or Horne has the right but not the obligation to approve the plans and specifications for any major rebuilding, as well as the right but not the obligation to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement.

6. **Covenants Run with the Land.** The Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to this Declaration. The foregoing Declaration is intended to constitute both equitable servitudes and covenants running with the land. Owner expressly acknowledges and agrees that the Declaration is a reasonable restraint on the Owner's right to own, use, maintain, and transfer the Property and any estate or interest therein and is not and shall not be construed to be an unreasonable restraint on alienation. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property, or any portion thereof, shall be held conclusively to have been executed, delivered, and accepted subject to this Declaration, regardless of whether this Declaration is set forth in such contract, deed, or other instrument.

7. **Binding on Successors and Assigns.** The Declaration contained herein shall be binding upon all of Owner's successors, assigns and transferees to or of the Property, and upon all leases, tenants, contractors, agents, and persons claiming an interest in the Property, or claiming an interest by and through any of the foregoing. Any transferee or purchaser of the Property, or of any portion of, or interest in the Property, by the acceptance of a deed therefore, whether from the Owner or from any subsequent owner of the Property, or by the signing of a contract or agreement to purchase the Property, shall by the acceptance of such deed or by the signing of such contract or agreement be deemed to have consented to and accepted the covenants and restrictions set forth in this Declaration.

8. **Term of Declaration.** The covenants in this Declaration shall be binding, effective, and enforceable commencing upon the recordation of this Declaration in the official records of the county in the jurisdiction where the Property is located, and they shall continue in full force and effect for a period of not less than [NUMBER OF YEARS (____)] years after the date of _____ (the "**Restriction Period**"), regardless of any sale, assignment, transfer, or conveyance (including, without limitation, by foreclosure sale) of the Property or any portion thereof.

9. **Default, Remedies.** A default under this Declaration shall constitute a default under the Program Funding Agreement; and a default under this Declaration shall entitle CDSS or Horne to any rights, remedies, or damages available at law or in equity, including, but not limited to, those that are specified below. CDSS's or Horne's failure to exercise any specific right or remedy shall not be construed as a waiver of that or any right or remedy.

9.1. **Specific Performance.** The use, repair, and maintenance of the Property is of a special and unique kind and character, so that a breach of any material provision of this Declaration by the Owner would not have an adequate remedy at law. Therefore, Horne or CDSS's rights may be enforced by an action for specific performance and such other equitable relief as is provided by the laws of the State of California.

9.2. **Injunctive Relief.** In pursuing specific performance of the Declaration, Horne or CDSS shall be entitled to petition the court for injunctive relief to preserve Horne or CDSS's interests in the Property and its rights under this Declaration. Such injunctive relief may include a court order restraining any development of the Property that is inconsistent with the foregoing Declaration.

9.3. Appointment of Receiver. In conjunction with any other remedy available at law or in equity, Horne or CDSS may apply to a court of competent jurisdiction for the appointment of a receiver to take over and operate the Property in accordance with the requirements of this Declaration.

9.4. Notwithstanding the foregoing or anything to the contrary contained herein, CDSS shall be entitled to any rights, remedies, or damages available pursuant to that certain Performance Deed of Trust executed by Owner, as Trustor, therein, on or about of even date herewith, and recorded in the official records of the county in the jurisdiction where the Property is located.

10. Horne and CDSS Review and Inspection.

10.1. At any time during the term of this Declaration and upon reasonable notice, Horne, CDSS, or their designees may, but are not obligated to, enter and inspect the Property, and inspect all records pertaining to the operation, repair, and maintenance of the Property. Upon request by Horne or CDSS, the Owner shall notify occupants of upcoming inspections in accordance with state law.

10.2. CDSS or Horne may, but is not obligated to, request any other information that it deems necessary to confirm compliance with this Declaration. The Owner shall provide such requested information within fourteen (14) calendar days of Horne's or CDSS's written request for the information.

10.3. During the Term of this Declaration, Owner shall submit to CDSS, or Horne, as required by Horne, or CDSS, in their sole discretion, written documentation, in a form and at a frequency acceptable to Horne, or CDSS, in their sole discretion, providing sufficient detail and with sufficient supporting information to permit Horne, or its designee, or CDSS, or its designee, to monitor and confirm that Owner's uses of the Property are in accordance with the uses described in this Declaration, including, Exhibit B, attached hereto.

10.4. CDSS or Horne shall not, by the fact of making or not making any entries or inspections, or by taking or failing to take any action in response thereto: (i) incur or undertake, or be deemed to incur or undertake, any obligation, duty, or liability whatsoever, whether to the Owner, or to any other person or entity; (ii) be deemed as approving or disapproving any matter, action, incident, or condition related to the Property; or (iii) be deemed as approving or disapproving any matter related to the compliance of the Property with this Declaration or other applicable laws. In no event or circumstance shall Horne's or CDSS's exercise or non-exercise of its discretion under this subsection constitute, or be deemed or interpreted as constituting, any termination, limitation, alteration, or waiver by Horne or CDSS of any right, benefit, or remedy under or with respect to this Declaration.

11. **Owner Representations.** Owner represents and warrants to Horne and CDSS that: (1) Owner has sufficient interest in the Property to support the operation of the Property in accordance with this Declaration; (2) to Owner's actual knowledge and belief, there are no agreements, contracts, covenants, conditions, or exclusions to which Owner (or its predecessor in interest) is a party which would, if enforced, prohibit or restrict the use of the Property in

accordance with the terms of this Declaration; (3) Owner has the full right and authority to enter into this Declaration; (4) this Declaration constitutes a valid and legally binding obligation on Owner, enforceable in accordance with its terms; and (5) Owner is duly organized and authorized to do business in the State of California.

12. **Amendment, Modification.** Owner shall not amend, modify, waive, or release this Declaration, or any part of this Declaration, without the prior and express written consent of an authorized representative of Horne or CDSS, which consent may be withheld, conditioned, or delayed in Horne's or CDSS's sole and absolute discretion. Any amendment, modification, waiver, or release without the prior and express written consent of Horne or CDSS shall be void.

13. **Severability.** Every provision of this Declaration is intended to be severable. If any provision of this Declaration is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

14. **Governing Law.** This Declaration shall be governed by and interpreted under the laws of the State of California.

15. **Recordation of Agreement.** This Declaration shall be recorded in the official records of the County of ____ [NAME OF COUNTY] no later than ____ [DATE]. The Declaration shall be recorded, and shall remain, as a lien against the Property in first position over all other agreements, covenants, liens, or other matters of record on the Property.

SIGNATURE ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Owner has caused this Declaration to be signed by its duly authorized representative, as of the day and year first written above.

OWNER:

[NAME OF OWNER, TYPE OF LEGAL ENTITY]

By: _____

[INSERT NAME OF AUTHORIZED SIGNATORY]

Its: [INSERT TITLE OF SIGNATORY]

All signatures must be acknowledged.

ADD NOTARY ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
)
COUNTY OF _____)

Name: _____
Name: Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

[TO BE INSERTED BY TITLE COMPANY]

EXHIBIT "B"

PROPERTY AND OPERATIONS

A residential adult and senior care facility where [___ beds/units] are prioritized for Qualified Residents experiencing or at risk of homelessness. For purposes of this Declaration, "Qualified Resident" shall have the meaning set forth in California Welfare and Institutions Code Section 18999.97(e) and "prioritized" shall mean a preferential interest in occupancy of each designated bed or unit.

If after applying best efforts to identify and enroll a Qualified Resident experiencing homelessness or at risk of homelessness for each designated bed or unit, no such person(s) is identified, the Owner may identify and enroll a Qualified Resident for each designated bed or unit; if after applying best efforts to identify and enroll a Qualified Resident for each designated bed or unit, the Owner also cannot identify and enroll a Qualified Resident, the Owner may enroll a non-Qualified Resident for the designated bed or unit.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
[County/State]
ADDRESS
ADDRESS
ADDRESS
Attention: Name
NO FEE FOR RECORDING PURSUANT TO
GOVERNMENT CODE SECTION 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Attachment I-2

DECLARATION OF RESTRICTIONS

This Declaration of Restrictions (the “**Declaration**”), dated _____ for reference purposes, by _____ [INSERT NAME OF REAL PROPERTY OWNER AND TYPE OF ENTITY] (the “**Owner**”), is hereby given to and on behalf of the Department of Social Services, a public agency of the State of California (“**CDSS**”).

RECITALS

A. This Declaration affects Owner’s interest in that certain real property commonly known as _____ [INSERT ADDRESS OF REAL PROPERTY], located in the City of _____ [INSERT NAME OF CITY], County of _____ [INSERT NAME OF COUNTY], State of California, and the improvements thereon (the “**Property**”); as more particularly described and shown on Exhibit A attached hereto and incorporated herein by this reference;

B. Owner and Horne LLP (“**Horne**”), as a contractor to CDSS, entered into that certain Program Funding Agreement, of even date herewith (the “**Program Funding Agreement**”), whereby Owner agreed to renovate or construct certain improvements on the Property and Horne agreed to disburse funds to Owner in accordance with the terms thereof (in an amount not to exceed _____ Dollars (\$_____) (the “**Program Funds**”);

C. Owner and Horne entered into that certain Capitalized Operating Subsidy Reserve Agreement, of even date herewith (the “**COSR Agreement**”), whereby Horne agreed to disburse operating reserve funds to Owner in accordance with the terms thereof, in the amount of up to _____ Dollars (\$_____) (“**COSR Funds**”);

D. The Program Funds and COSR Funds are provided pursuant to the Community Care Expansion Program, authorized under Welfare and Institutions Code Section 18999.97-18999.98, established by California Assembly Bill No. 172 (Chapter 696, Statutes of 2021), to fund the acquisition, construction, or rehabilitation of adult senior care facilities that service applicants and recipients of Supplemental Security Income/State Supplementary Payment (“**SSI/SSP**”) and Cash Assistance Program for Immigrants (“**CAPI**”) applicants and recipients who are experiencing or are at risk of homelessness; and

E. This Declaration shall be secured by a Performance Deed of Trust, the form of which is set forth in Attachment J to the Program Funding Agreement, encumbering Owner's fee interest in the Property; and the Property shall be owned, held, used, maintained, and transferred pursuant to the covenants, conditions, restrictions, and limitations as further described herein.

NOW, THEREFORE, in consideration of the foregoing and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner hereby covenants, agrees, and declares the following:

AGREEMENT

1. **Use of Property.** Owner, for itself, and for its successors and assigns, hereby declares and covenants that for the term of this Declaration, all use of the Property, and any improvements thereon, shall be restricted to continuous, and lawful use in accordance with the uses described in Exhibit B, attached hereto and incorporated by this reference. Any such other use shall require the express prior written approval of Horne or CDSS in its sole and absolute discretion and the recordation of a new Declaration of Restrictions reflecting the use(s) agreed upon which shall thereafter supersede this Declaration.

2. **Maintenance, Repair, and Improvement of the Property.** Owner agrees:

2.1. To keep the Property, and all improvements thereon, in decent, safe, and sanitary condition and repair, and to permit no waste thereof;

2.2. Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable, except in accordance with this Declaration;

2.3. Not to construct any buildings or improvements on the Property, other than the buildings and improvements contemplated as part of this Declaration, that would detrimentally affect the Property; or add to, remove, demolish or structurally alter any buildings or improvements included as part of the Property, now or hereinafter located on the Property;

2.4. To promptly repair, restore or rebuild any buildings or improvements on the Property that may be damaged or destroyed while subject to this Declaration;

2.5. To comply with all applicable laws affecting the Property, and not to suffer or permit any violations of any such applicable law, nor of any covenant, condition or restriction affecting the Property;

2.6. Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without Horne or CDSS's prior written consent; and

2.7. Not to alter the use of all or any part of the Property without Horne or CDSS's prior written consent.

3. **Restrictions on Sale, Encumbrance, and Other Acts.**

3.1. Owner shall not, except with Horne's or CDSS's prior written consent, make any sale, encumbrance, hypothecation, assignment, refinancing, pledge, conveyance, or transfer of the Property or of any of its interest in the Property.

3.2. If Horne or CDSS determines, in its sole and absolute discretion, to grant its prior written consent for a sale, transfer or conveyance of the Property, such consent may impose terms and conditions, as necessary, to preserve or establish the fiscal integrity of the Property or to ensure compliance with this Declaration and/or Program Requirements.

3.3. **Charges; Liens.** Owner shall pay all taxes, assessments, and other charges, fines and impositions attributable to the Property, if any, by Owner making payment, when due, directly to the payee thereof. Owner shall promptly furnish to Horne or CDSS all notices of amounts due under this subsection, and where Owner makes direct payments, Owner shall promptly furnish to Horne or CDSS its receipts evidencing such payments. Owner shall pay when due all encumbrances, charges, and liens on the Property, and shall make payments on notes or other obligations secured by an interest in the Property, with interest in accordance with the terms thereof. Owner shall have the right to contest in good faith any claim or lien, or payment due thereunder, so long as Owner does so diligently and without prejudice to Horne or CDSS.

4. **Building Permits.** Owner agrees not to apply for or accept any permits for the construction of improvements on the Property that are inconsistent with the lawful operation of the Property, as such Property is described in this Declaration.

5. **Hazard and Liability Insurance and Condemnation.**

5.1. Owner shall keep the Property insured against loss by fire and such other hazards, casualties, liabilities, and contingencies, and in such amounts and for such periods as required by Horne and CDSS. All insurance policies and renewals thereof shall be issued by a carrier and in a form acceptable to Horne and CDSS.

5.2. In the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, the Owner shall have the right to rebuild the Property and to use all available insurance or condemnation proceeds therefor, provided that, as determined by Horne or CDSS in its sole and absolute discretion: (a) such proceeds are sufficient to rebuild the Property in a manner that ensures continued operation in accordance with this Declaration; and (b) no material breach or default then exists under the Program Funding Agreement. If the casualty or condemnation affects only part of the Property and if total rebuilding is infeasible, then the insurance or condemnation proceeds may be used for partial rebuilding and/or partial repayment of the Program Funds. CDSS or Horne has the right but not the obligation to approve the plans and specifications for any major rebuilding, as well as the right but not the obligation to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement.

6. **Covenants Run with the Land.** The Property is held and hereafter shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and occupied subject to this Declaration. The foregoing Declaration is intended to constitute both equitable servitudes and covenants running with the land. Owner expressly acknowledges and agrees that the Declaration is a reasonable restraint on the Owner's right to own, use, maintain, and transfer the Property and any estate or interest therein and is not and shall not be construed to be an unreasonable restraint on alienation. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property, or any portion thereof, shall be held conclusively to have been executed, delivered, and accepted subject to this Declaration, regardless of whether this Declaration is set forth in such contract, deed, or other instrument.

7. **Binding on Successors and Assigns.** The Declaration contained herein shall be binding upon all of Owner's successors, assigns and transferees to or of the Property, and upon all leases, tenants, contractors, agents, and persons claiming an interest in the Property, or claiming an interest by and through any of the foregoing. Any transferee or purchaser of the Property, or of any portion of, or interest in the Property, by the acceptance of a deed therefore, whether from the Owner or from any subsequent owner of the Property, or by the signing of a contract or agreement to purchase the Property, shall by the acceptance of such deed or by the signing of such contract or agreement be deemed to have consented to and accepted the covenants and restrictions set forth in this Declaration.

8. **Term of Declaration.** The covenants in this Declaration shall be binding, effective, and enforceable commencing upon the recordation of this Declaration in the official records of the county in the jurisdiction where the Property is located, and they shall continue in full force and effect for a period of not less than [NUMBER OF YEARS (____) (NOT LESS THAN THE TERM OF CAPITALIZED OPERATING SUBSIDY RESERVE)] years after the date of _____ (the "**Restriction Period**"), regardless of any sale, assignment, transfer, or conveyance (including, without limitation, by foreclosure sale) of the Property or any portion thereof.

9. **Default, Remedies.** A default under this Declaration shall constitute a default under the Program Funding Agreement and the COSR Agreement; and a default under this Declaration shall entitle CDSS or Horne to any rights, remedies, or damages available at law or in equity, including, but not limited to, those that are specified below. CDSS's or Horne's failure to exercise any specific right or remedy shall not be construed as a waiver of that or any right or remedy.

9.1. **Specific Performance.** The use, repair, and maintenance of the Property is of a special and unique kind and character, so that a breach of any material provision of this Declaration by the Owner would not have an adequate remedy at law. Therefore, Horne's or CDSS's rights may be enforced by an action for specific performance and such other equitable relief as is provided by the laws of the State of California.

9.2. **Injunctive Relief.** In pursuing specific performance of the Declaration, Horne or CDSS shall be entitled to petition the court for injunctive relief to preserve Horne's or CDSS's interests in the Property and its rights under this Declaration. Such injunctive relief may

include a court order restraining any development of the Property that is inconsistent with the foregoing Declaration.

9.3. Appointment of Receiver. In conjunction with any other remedy available at law or in equity, Horne or CDSS may apply to a court of competent jurisdiction for the appointment of a receiver to take over and operate the Property in accordance with the requirements of this Declaration.

9.4. Notwithstanding the foregoing or anything to the contrary contained herein, CDSS shall be entitled to any rights, remedies, or damages available pursuant to that certain Performance Deed of Trust executed by Owner, as Trustor, therein, on or about of even date herewith, and recorded in the official records of the county in the jurisdiction where the Property is located.

10. **Horne and CDSS Review and Inspection.**

10.1. At any time during the term of this Declaration and upon reasonable notice, Horne, CDSS, or its designee may, but is not obligated to, enter and inspect the Property, and inspect all records pertaining to the operation, repair, and maintenance of the Property. Upon request by Horne or CDSS, the Owner shall notify occupants of upcoming inspections in accordance with state law.

10.2. CDSS or Horne may, but is not obligated to, request any other information that it deems necessary to confirm compliance with this Declaration. The Owner shall provide such requested information within fourteen (14) calendar days of Horne or CDSS's written request for the information.

10.3. During the Term of this Declaration, Owner shall submit to CDSS, or Horne, as required by Horne, or CDSS, in their sole discretion, written documentation, in a form and at a frequency acceptable to Horne, or CDSS, in their sole discretion, providing sufficient detail and with sufficient supporting information to permit Horne, or its designee, or CDSS, or its designee, to monitor and confirm that Owner's uses of the Property are in accordance with the uses described in this Declaration, including, Exhibit B, attached hereto.

10.4. CDSS or Horne shall not, by the fact of making or not making any entries or inspections, or by taking or failing to take any action in response thereto: (i) incur or undertake, or be deemed to incur or undertake, any obligation, duty, or liability whatsoever, whether to the Owner, or to any other person or entity; (ii) be deemed as approving or disapproving any matter, action, incident, or condition related to the Property; or (iii) be deemed as approving or disapproving any matter related to the compliance of the Property with this Declaration or other applicable laws. In no event or circumstance shall Horne or CDSS's exercise or non-exercise of its discretion under this subsection constitute, or be deemed or interpreted as constituting, any termination, limitation, alteration, or waiver by Horne or CDSS of any right, benefit, or remedy under or with respect to this Declaration.

11. **Owner Representations.** Owner represents and warrants to Horne and CDSS that: (1) Owner has sufficient interest in the Property to support the operation of the Property in

accordance with this Declaration; (2) to Owner's actual knowledge and belief, there are no agreements, contracts, covenants, conditions, or exclusions to which Owner (or its predecessor in interest) is a party which would, if enforced, prohibit or restrict the use of the Property in accordance with the terms of this Declaration; (3) Owner has the full right and authority to enter into this Declaration; (4) this Declaration constitutes a valid and legally binding obligation on Owner, enforceable in accordance with its terms; and (5) Owner is duly organized and authorized to do business in the State of California.

12. **Amendment, Modification.** Owner shall not amend, modify, waive, or release this Declaration, or any part of this Declaration, without the prior and express written consent of an authorized representative of Horne or CDSS, which consent may be withheld, conditioned, or delayed in Horne or CDSS's sole and absolute discretion. Any amendment, modification, waiver, or release without the prior and express written consent of Horne or CDSS shall be void.

13. **Severability.** Every provision of this Declaration is intended to be severable. If any provision of this Declaration is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

14. **Governing Law.** This Declaration shall be governed by and interpreted under the laws of the State of California.

15. **Recordation of Agreement.** This Declaration shall be recorded in the official records of the County of ____ [NAME OF COUNTY] no later than ____ [DATE]. The Declaration shall be recorded, and shall remain, as a lien against the Property in first position over all other agreements, covenants, liens, or other matters of record on the Property.

SIGNATURE ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Owner has caused this Declaration to be signed by its duly authorized representative, as of the day and year first written above.

OWNER:

[NAME OF OWNER, TYPE OF LEGAL ENTITY]

By: _____

[INSERT NAME OF AUTHORIZED SIGNATORY]

Its: [INSERT TITLE OF SIGNATORY]

All signatures must be acknowledged.

ADD NOTARY ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
)
COUNTY OF _____)

Name: _____
Name: Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

[TO BE INSERTED BY TITLE COMPANY]

EXHIBIT "B"

PROPERTY AND OPERATIONS

A residential adult and senior care facility where [___ beds/units] are prioritized for Qualified Residents experiencing or at risk of homelessness. For purposes of this Declaration, "Qualified Resident" shall have the meaning set forth in California Welfare and Institutions Code Section 18999.97(e) and "prioritized" shall mean a preferential interest in occupancy of each designated bed or unit.

If after applying best efforts to identify and enroll a Qualified Resident experiencing homelessness or at risk of homelessness for each designated bed or unit, no such person(s) is identified, the Owner may identify and enroll a Qualified Resident for each designated bed or unit; if after applying best efforts to identify and enroll a Qualified Resident for each designated bed or unit, the Owner also cannot identify and enroll a Qualified Resident, the Owner may enroll a non-Qualified Resident for the designated bed or unit.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
[County/State]
ADDRESS
ADDRESS
ADDRESS
Attention: Name
NO FEE FOR RECORDING PURSUANT TO
GOVERNMENT CODE SECTION 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Attachment J-1

PERFORMANCE DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING

THIS PERFORMANCE DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING ("Performance Deed of Trust") is made as of _____, 20__, by and among _____ ("Trustor"), _____ Title Company, a California corporation ("Trustee"), and the Department of Social Services, a public agency of the State of California ("Beneficiary").

RECITALS

A. Trustor owns a fee title interest in that certain real property commonly known as _____ [INSERT ADDRESS OF REAL PROPERTY], located in the City of _____ [INSERT NAME OF CITY], County of _____ [INSERT NAME OF COUNTY], State of California, and the improvements thereon (the "Property"); as more particularly described and shown on Exhibit A attached hereto and incorporated herein by this reference;

B. Trustor and Horne LLP ("Horne"), as a contractor to CDSS, entered into that certain Program Funding Agreement, of even date herewith (the "Program Funding Agreement"), whereby Trustor agreed to renovate or construct certain improvements on the Property and Horne agreed to disburse funds to Trustor in accordance with the terms thereof (in an amount not to exceed _____ Dollars (\$_____) (the "Program Funds");

C. The Program Funds are provided pursuant to the Community Care Expansion Program, authorized under Welfare and Institutions Code Section 18999.97-18999.98, established by California Assembly Bill No. 172 (Chapter 696, Statutes of 2021), to fund the acquisition, construction, or rehabilitation of adult and senior care facilities that service applicants and recipients of Supplemental Security Income/State Supplementary Payment ("SSI/SSP") and Cash Assistance Program for Immigrants ("CAPI") applicants and recipients, including those adults who are experiencing or are at risk of homelessness;

D. As a condition of receiving the Program Funds, the Beneficiary is requiring Trustor to execute and record against the Trustor's fee interest in the Property, a Declaration of Restrictions of even date herewith (the "Declaration of Restrictions") limiting the use of the

Property to certain restricted uses, as specified in the Declaration of Restrictions. The Declaration of Restrictions is required to be secured by this Performance Deed of Trust encumbering Trustor's fee interest in the Property; and

E. Trustor has agreed to execute and deliver to Beneficiary this Performance Deed of Trust as security for the performance of all obligations of Trustor under the Program Funding Agreement, and the Declaration of Restrictions (collectively, this Performance Deed of Trust, the Program Funding Agreement, and the Declaration of Restrictions shall be referred to herein as the "Program Documents") and any and all modifications, extensions, amendments, replacements thereto, and under any other instrument or agreement entered into by and between Beneficiary and Trustor related to the Property.

NOW, THEREFORE, in consideration of the foregoing and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Trustor hereby covenants, agrees, and declares the following:

ARTICLE 1 GRANT OF SECURITY INTEREST

Section 1.1 Grant of Security Interest.

By executing and delivering this Performance Deed of Trust, the Trustor irrevocably grants to the Trustee, in trust for the benefit of the Beneficiary as security for the performance of the obligations described in Section 1.2, with a power of sale, and subject to the terms of this Performance Deed of Trust, all of Trustor's interests, estates, rights, and claims in or to the Security whether the interest, estate, right, or claim is held by the Trustor as of the date of this Deed of Trust or arises in the future.

Security means:

- (a) Trustor's fee interest in the Property;
- (b) all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property;
- (c) all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments and appurtenances thereof and thereto;
- (d) any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of the Trustor now or hereafter affixed to or placed upon the Property;
- (e) all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;
- (f) all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the

Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

(g) all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property;

(h) all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

(i) all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes, drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

Section 1.2 Secured Obligations.

The grant made in Section 1.1 is made as security for the following obligations of Trustor:

(a) Due, prompt and complete observance, performance and discharge of each and every obligation, covenant or agreement of Trustor contained herein and in the other Program Documents and any and all modifications, extensions, amendments, replacements thereto, and contained in any other instrument or agreement entered into between Beneficiary and Trustor relating to the Property, which documents are incorporated herein by reference; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Performance Deed of Trust following a breach of

Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein.

ARTICLE 2
MAINTENANCE AND MODIFICATION OF THE PROPERTY
AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor.

The Trustor agrees that at all times prior to the expiration or early termination of the Program Documents, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security of any part thereof. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file or record any notices of completion or cessation of labor or any other notice that Beneficiary reasonably deems necessary or desirable to protect its interest in and to the Security or the Program Documents; provided, however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided, and all such rights of the Beneficiary shall be subject to the rights of senior lenders approved by the Beneficiary.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting provided that Trustor, upon written request of the Beneficiary, shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of _____ County, a surety bond in an amount 1 and 1/2 times the amount of such claim item to protect against a claim of lien.

Section 2.2 Granting of Easements.

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone and telegraph, or those required by law and as approved, in writing, by Beneficiary, which approval shall not be unreasonably delayed, conditioned, or withheld.

ARTICLE 3
TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges.

Trustor shall pay, or cause to be paid, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as: (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings; and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

Trustor agrees to provide insurance conforming in all respects to that required under the Program Documents during the course of any construction and operation of the improvements located on the Property, and at all times until all obligations secured hereunder fulfilled and all amounts secured have been paid, and this Performance Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand therefor at any time prior to the expiration of the Program Documents.

Section 3.3 Advances.

In the event the Trustor shall fail to maintain the full insurance coverage required by this Performance Deed of Trust or shall fail to keep the Security in accordance with the Program Documents, the Beneficiary, after at least seven (7) days prior notice to Trustor, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment

thereof; and all amounts so advanced therefor by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 4 DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages.

Subject to the rights of senior mortgage lenders approved by the Beneficiary, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of: (a) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain; (b) any damage to or destruction of the Property or in any part thereof by insured casualty; and (c) any other injury or damage to all or any part of the Property ("Funds") are hereby assigned to and shall be paid to the Beneficiary by a wire transfer or check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its sole option. The Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Performance Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such conditions as the Beneficiary may impose for its disposition, and Beneficiary agrees to release Funds to Trustor to rebuild the improvements located on the Property provided Trustor demonstrates to Beneficiary that such rebuilding is economically feasible. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Performance Deed of Trust. All rights of the Beneficiary under this Section are subject to the rights of any senior mortgage lender approved by the Beneficiary.

ARTICLE 5 AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES

Section 5.1 Other Agreements Affecting Property.

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Program Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses.

In the event of any Event of Default (as defined below) hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the

Trustor in this Performance Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary shall be added to the indebtedness secured by the lien of this Performance Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3 Personal Property.

To the maximum extent permitted by law, the personal property subject to this Performance Deed of Trust shall be deemed to be fixtures and part of the real property and this Performance Deed of Trust shall constitute a fixtures filing under the California Uniform Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Performance Deed of Trust shall constitute a security agreement under the California Uniform Commercial Code.

Section 5.4 Financing Statement.

The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such valid perfected security interest in the Security in order to secure Trustor's obligations under the Program Documents. The Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 5.5 Operation of the Security.

The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Performance Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Program Documents.

Section 5.6 Inspection of the Security.

At any and all reasonable times upon forty-eight (48) hours' notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, without payment of charges or fees, to inspect the Security, provided, however, that any such inspection shall not unreasonably disturb any tenants or other occupants of the Property.

Section 5.7 Nondiscrimination.

The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease,

sublease, transfer, use, occupancy, tenure or enjoyment of the Security, nor shall the Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE 6 HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Trustor shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may be customarily and lawfully kept and used in the rehabilitation and/or operation of the Property or as may be customarily kept and used in and about facilities such as the Property.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above hereinafter referred to a "Hazardous Materials Claims"); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" under the provision of California Health and Safety Code, Sections 25220 *et seq.*, or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Trustor. Trustor shall indemnify, defend, and hold harmless Beneficiary and its board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required

plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees.

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in Beneficiary's reasonable judgement, impair the value of the Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.

The Trustor hereby acknowledges and agrees that: (i) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5; and (ii) each representation and warranty in this Performance Deed of Trust or any of the other Program Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Performance Deed of Trust, the Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or

threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by this Performance Deed of Trust and shall be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

The Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: "No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

ARTICLE 7 EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default.

The following shall constitute Events of Default following the expiration of any applicable notice and cure periods: (a) failure to observe or perform any of Trustor's covenants, agreements or obligations under this Performance Deed of Trust; (b) violation of any of the covenants, agreements or obligations under any of the other Program Documents; or (c) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein.

Section 7.2 The Beneficiary's Right to Enter and Take Possession.

All rights of the Beneficiary under this Section are subject to the rights of any senior mortgage lender approved by the Beneficiary. If an Event of Default shall have occurred the Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Event of Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Performance Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Performance Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the county in the jurisdiction where the Property is located; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

(e) Notwithstanding the above, at its election, Beneficiary may exercise the remedies of specific performance or injunctive relief at any time in the event of a default under or breach of the terms of the Program Documents.

Section 7.3 Foreclosure By Power of Sale.

(a) Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall give notice to the Trustee (the "Notice of Sale") and shall deposit with Trustee this Performance Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the performance obligations or sums due under the Program Documents are immediately required, or due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(b) Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Performance Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(c) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (1) amounts due to Beneficiary with respect to the Program Documents,

including the amounts set forth in Section 6.2 above; (2) all other sums then secured hereby; and (3) the remainder, if any, to Trustor.

(d) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.4 Receiver.

If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.5 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to the Beneficiary by this Performance Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.6 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Performance Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. Beneficiary's express or implied consent to a breach by Trustor, or a waiver of any obligation of Trustor hereunder shall not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary (1) grants forbearance or an extension of time for the payment or performance of any of Trustor's obligations secured hereby; (2) takes other or additional security or the payment of any sums secured hereby; (3) waives or does not exercise any right granted in the Program Documents; (4) releases any part of the Security from the lien

of this Performance Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Program Documents; (5) consents to the granting of any easement or other right affecting the Security; (6) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Performance Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Performance Deed of Trust be altered thereby.

Section 7.7 Suits to Protect the Security.

The Beneficiary shall have power to: (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Performance Deed of Trust; (b) preserve or protect its interest (as described in this Performance Deed of Trust) in the Security; and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

Section 7.8 Trustee May File Proofs of Claim.

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by the Trustor hereunder after such date.

Section 7.9 Waiver.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Program Documents or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Performance Deed of Trust.

ARTICLE 8 MISCELLANEOUS

Section 8.1 Amendments.

This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all obligations secured hereby have been performed in full, and upon surrender of this Performance Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices.

If at any time after the execution of this Performance Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary shall be addressed to:

State of California
California Department of Social Services
744 P Street MS 8-4-70
Sacramento, CA 95814
Attention: Housing and Homelessness Division

with a copy to:

Horne LLP (Horne)
400 Capitol Mall, Suite 1535
Sacramento, CA 95814
Attention: Geoffrey Ross and Dania Khan

and (2) if intended for Trustor shall be addressed to:

[SPONSOR]
[ADDRESS]
[ADDRESS]
Attn: _____

with a copy to:

[NAME]
[ADDRESS]
[ADDRESS]

Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary

or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Copies of notices to Trustor from the Beneficiary shall also be provided by the Beneficiary to any senior lender and any limited partner of Trustor who requests such notice in writing and provides the Beneficiary with written notice of its address in accordance with this Section.

Section 8.4 Successors and Joint Trustors.

Where an obligation created herein is binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of the Performance Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be joint and several obligations of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligations of each and every entity and person comprising Trustor.

Section 8.5 Captions.

The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Performance Deed of Trust.

Section 8.6 Invalidity of Certain Provisions.

Every provision of this Performance Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Performance Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Performance Deed of Trust.

Section 8.7 Governing Law.

This Performance Deed of Trust shall be governed by and construed in accordance with the laws of the State of California. Any action brought claiming a breach of this agreement or interpreting this agreement shall be brought and venued in Sacramento County, California.

Section 8.8 Gender and Number.

In this Performance Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Performance Deed of Trust, Mortgage.

Any reference in this Performance Deed of Trust to a mortgage shall also refer to a Performance Deed of Trust and any reference to a Performance Deed of Trust shall also refer to a mortgage.

Section 8.10 Actions.

Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee.

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Performance Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Performance Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Performance Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 Acceptance by Trustee.

Trustee accepts this appointment when this Performance Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Performance Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

Section 8.14 Subordination.

Upon request by Trustor, Beneficiary (acting on Beneficiary's own behalf or through Horne, or any successor administrator) agrees to subordinate this Performance Deed of Trust to only the following liens, deeds of trust, and monetary encumbrances: (i) liens for property taxes and assessments; (ii) deeds of trust to secure payment obligations due on a current basis with respect to the Property or other security executed by Trustor for the benefit of a lender concurrently with or prior to the date of recording this Performance Deed of Trust; and such subordination may be evidenced by a separate subordination agreement recorded in the Official Records of the county in the jurisdiction where the Property is located.

SIGNATURE ON FOLLOWING PAGE

IN WITNESS WHEREOF, Trustor has executed this Performance Deed of Trust as of the day and year first above written.

TRUSTOR:

By: _____

Name: _____

Its: _____

Date: _____

[Signature must be notarized]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public,
personally appeared _____, who proved to me on the
basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Name: Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

[TO BE INSERTED BY TITLE COMPANY]

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
[County/State]
ADDRESS
ADDRESS
ADDRESS
Attention: Name
NO FEE FOR RECORDING PURSUANT TO
GOVERNMENT CODE SECTION 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Attachment J-2

PERFORMANCE DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (WITH CAPITALIZED OPERATING SUBSIDY RESERVE)

THIS PERFORMANCE DEED OF TRUST, SECURITY AGREEMENT AND
FIXTURE FILING (WITH CAPITALIZED OPERATING SUBSIDY RESERVE)
("Performance Deed of Trust") is made as of _____, 20__, by and among
_____ ("Trustor"), _____ Title Company, a California corporation
("Trustee"), and the Department of Social Services, a public agency of the State of California
("Beneficiary").

RECITALS

A. Trustor owns a fee title interest in that certain real property commonly known as
_____ [INSERT ADDRESS OF REAL PROPERTY], located in the City of _____
[INSERT NAME OF CITY], County of _____ [INSERT NAME OF COUNTY], State of
California, and the improvements thereon (the "Property"); as more particularly described and
shown on Exhibit A attached hereto and incorporated herein by this reference;

B. Trustor and Horne LLP ("Horne"), as a contractor to CDSS, entered into that
certain Program Funding Agreement, of even date herewith (the "Program Funding
Agreement"), whereby Trustor agreed to renovate or construct certain improvements on the
Property and Horne agreed to disburse funds to Trustor in accordance with the terms thereof, in
an amount not to exceed _____ Dollars (\$_____) (the "Program Funds");

C. Trustor and Horne entered into that certain Capitalized Operating Subsidy
Reserve Agreement, of even date herewith (the "COSR Agreement"), whereby Horne agreed to
disburse operating reserve funds to Owner in accordance with the terms thereof, in the amount of
up to _____ Dollars (\$_____) ("COSR Funds");

D. The Program Funds and Capitalized Operating Subsidy Reserve are provided
pursuant to the Community Care Expansion Program, authorized under Welfare and Institutions
Code Section 18999.97-18999.98, established by California Assembly Bill No. 172
(Chapter 696, Statutes of 2021), to fund the acquisition, construction, or rehabilitation of adult

and senior care facilities that service applicants and recipients of Supplemental Security Income/State Supplementary Payment (“SSI/SSP”) and Cash Assistance Program for Immigrants (“CAPI”) applicants and recipients, including those adults who are experiencing or are at risk of homelessness;

E. As a condition of receiving the Program Funds, the Beneficiary is requiring Trustor to execute and record against the Trustor’s fee interest in the Property, a Declaration of Restrictions of even date herewith (the “Declaration of Restrictions”) limiting the use of the Property to certain restricted uses, as specified in the Declaration of Restrictions. The Declaration of Restrictions is required to be secured by this Performance Deed of Trust encumbering Trustor’s fee interest in the Property; and

F. Trustor has agreed to execute and deliver to Beneficiary this Performance Deed of Trust as security for the performance of all obligations of Trustor under the Program Funding Agreement, the COSR Agreement and the Declaration of Restrictions (collectively, this Performance Deed of Trust, the Program Funding Agreement, the COSR Agreement and the Declaration of Restrictions shall be referred to herein as the “Program Documents”) and any and all modifications, extensions, amendments, replacements thereto, and under any other instrument or agreement entered into by and between Beneficiary and Trustor related to the Property.

NOW, THEREFORE, in consideration of the foregoing and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Trustor hereby covenants, agrees, and declares the following:

ARTICLE 1 GRANT OF SECURITY INTEREST

Section 1.1 Grant of Security Interest.

By executing and delivering this Performance Deed of Trust, the Trustor irrevocably grants to the Trustee, in trust for the benefit of the Beneficiary as security for the performance of the obligations described in Section 1.2, with a power of sale, and subject to the terms of this Performance Deed of Trust, all of Trustor’s interests, estates, rights, and claims in or to the Security whether the interest, estate, right, or claim is held by the Trustor as of the date of this Deed of Trust or arises in the future.

Security means:

- (a) Trustor’s fee interest in the Property;
- (b) all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property;
- (c) all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments and appurtenances thereof and thereto;

(d) any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of the Trustor now or hereafter affixed to or placed upon the Property;

(e) all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

(f) all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

(g) all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property;

(h) all of Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

(i) all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes, drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

Section 1.2 Secured Obligations.

The grant made in Section 1.1 is made as security for the following obligations of Trustor:

(a) Due, prompt and complete observance, performance and discharge of each and every obligation, covenant or agreement of Trustor contained herein and in the other Program Documents and any and all modifications, extensions, amendments, replacements thereto, and contained in any other instrument or agreement entered into between Beneficiary and Trustor relating to the Property, which documents are incorporated herein by reference; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Performance Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein.

ARTICLE 2 MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor.

The Trustor agrees that at all times prior to the expiration or early termination of the Program Documents, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security of any part thereof. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file or record any notices of completion or cessation of labor or any other notice that Beneficiary reasonably deems necessary or desirable to protect its interest in and to the Security or the Program Documents; provided, however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided, and all such rights of the Beneficiary shall be subject to the rights of senior lenders approved by the Beneficiary.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials or

services which Trustor in good faith disputes and is diligently contesting provided that Trustor, upon written request of the Beneficiary, shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of _____ County, a surety bond in an amount 1 and 1/2 times the amount of such claim item to protect against a claim of lien.

Section 2.2 Granting of Easements.

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone and telegraph, or those required by law and as approved, in writing, by Beneficiary, which approval shall not be unreasonably delayed, conditioned, or withheld.

ARTICLE 3 TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges.

Trustor shall pay, or cause to be paid, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as: (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings; and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

Trustor agrees to provide insurance conforming in all respects to that required under the Program Documents during the course of any construction and operation of the improvements

located on the Property, and at all times until all obligations secured hereunder fulfilled and all amounts secured have been paid, and this Performance Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand therefor at any time prior to the expiration of the Program Documents.

Section 3.3 Advances.

In the event the Trustor shall fail to maintain the full insurance coverage required by this Performance Deed of Trust or shall fail to keep the Security in accordance with the Program Documents, the Beneficiary, after at least seven (7) days prior notice to Trustor, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 4 DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages.

Subject to the rights of senior mortgage lenders approved by the Beneficiary, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of: (a) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain; (b) any damage to or destruction of the Property or in any part thereof by insured casualty; and (c) any other injury or damage to all or any part of the Property ("Funds") are hereby assigned to and shall be paid to the Beneficiary by a wire transfer or check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its sole option. The Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Performance Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such conditions as the Beneficiary may impose for its disposition, and Beneficiary agrees to release Funds to Trustor to rebuild the improvements located on the Property provided Trustor demonstrates to Beneficiary that such rebuilding is economically feasible. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Performance Deed of Trust. All rights of the Beneficiary under this Section are subject to the rights of any senior mortgage lender approved by the Beneficiary.

ARTICLE 5
AGREEMENTS AFFECTING THE PROPERTY;
FURTHER ASSURANCES

Section 5.1 Other Agreements Affecting Property.

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Program Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses.

In the event of any Event of Default (as defined below) hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Performance Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary shall be added to the indebtedness secured by the lien of this Performance Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3 Personal Property.

To the maximum extent permitted by law, the personal property subject to this Performance Deed of Trust shall be deemed to be fixtures and part of the real property and this Performance Deed of Trust shall constitute a fixtures filing under the California Uniform Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Performance Deed of Trust shall constitute a security agreement under the California Uniform Commercial Code.

Section 5.4 Financing Statement.

The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such valid perfected security interest in the Security in order to secure Trustor's obligations under the Program Documents. The Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 5.5 Operation of the Security.

The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Performance Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Program Documents.

Section 5.6 Inspection of the Security.

At any and all reasonable times upon forty-eight (48) hours' notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, without payment of charges or fees, to inspect the Security, provided, however, that any such inspection shall not unreasonably disturb any tenants or other occupants of the Property.

Section 5.7 Nondiscrimination.

The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Security, nor shall the Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE 6
HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Trustor shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may be customarily and lawfully kept and used in the rehabilitation and/or operation of the Property or as may be customarily kept and used in and about facilities such as the Property.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above hereinafter referred to as "Hazardous Materials Claims"); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" under the provision of California Health and Safety Code, Sections 25220 et seq., or any regulation

adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Trustor. Trustor shall indemnify, defend, and hold harmless Beneficiary and its board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees.

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in Beneficiary's reasonable judgement, impair the value of the Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.

The Trustor hereby acknowledges and agrees that: (i) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5; and (ii) each representation and warranty in this Performance Deed of Trust or any of the other Program Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure

Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Performance Deed of Trust, the Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by this Performance Deed of Trust and shall be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

The Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: "No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.

ARTICLE 7 EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default.

The following shall constitute Events of Default following the expiration of any applicable notice and cure periods: (a) failure to observe or perform any of Trustor's covenants, agreements or obligations under this Performance Deed of Trust; (b) violation of any of the covenants, agreements or obligations under any of the other Program Documents; or (c) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein.

Section 7.2 The Beneficiary's Right to Enter and Take Possession.

All rights of the Beneficiary under this Section are subject to the rights of any senior mortgage lender approved by the Beneficiary. If an Event of Default shall have occurred the Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Event of Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Performance Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Performance Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the county in the jurisdiction where the Property is located; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

(e) Notwithstanding the above, at its election, Beneficiary may exercise the remedies of specific performance or injunctive relief at any time in the event of a default under or breach of the terms of the Program Documents.

Section 7.3 Foreclosure By Power of Sale.

(a) Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall give notice to the Trustee (the "Notice of Sale") and shall deposit with Trustee this Performance Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the performance obligations or sums due under the Program Documents are immediately required, or due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(b) Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Performance Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as

it may determine unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(c) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (1) amounts due to Beneficiary with respect to the Program Documents, including the amounts set forth in Section 6.2 above; (2) all other sums then secured hereby; and (3) the remainder, if any, to Trustor.

(d) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.4 Receiver.

If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.5 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to the Beneficiary by this Performance Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.6 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Performance Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by

the Beneficiary. Beneficiary's express or implied consent to a breach by Trustor, or a waiver of any obligation of Trustor hereunder shall not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary (1) grants forbearance or an extension of time for the payment or performance of any of Trustor's obligations secured hereby; (2) takes other or additional security or the payment of any sums secured hereby; (3) waives or does not exercise any right granted in the Program Documents; (4) releases any part of the Security from the lien of this Performance Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Program Documents; (5) consents to the granting of any easement or other right affecting the Security; (6) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Performance Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Performance Deed of Trust be altered thereby.

Section 7.7 Suits to Protect the Security.

The Beneficiary shall have power to: (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Performance Deed of Trust; (b) preserve or protect its interest (as described in this Performance Deed of Trust) in the Security; and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

Section 7.8 Trustee May File Proofs of Claim.

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by the Trustor hereunder after such date.

Section 7.9 Waiver.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Program Documents or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Performance Deed of Trust.

ARTICLE 8 MISCELLANEOUS

Section 8.1 Amendments.

This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all obligations secured hereby have been performed in full, and upon surrender of this Performance Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices.

If at any time after the execution of this Performance Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary shall be addressed to:

State of California
California Department of Social Services
744 P Street MS 8-4-70
Sacramento, CA 95814
Attention: Housing and Homelessness Division

with a copy to:

Horne LLP(Horne)
400 Capitol Mall, Suite 1535
Sacramento, CA 95814
Attention: Geoffrey Ross and Dania Khan

and (2) if intended for Trustor shall be addressed to:

[SPONSOR]
[ADDRESS]
[ADDRESS]

Attn: _____

with a copy to:

[NAME]

[ADDRESS]

[ADDRESS]

Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Copies of notices to Trustor from the Beneficiary shall also be provided by the Beneficiary to any senior lender and any limited partner of Trustor who requests such notice in writing and provides the Beneficiary with written notice of its address in accordance with this Section.

Section 8.4 Successors and Joint Trustors.

Where an obligation created herein is binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of the Performance Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be joint and several obligations of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligations of each and every entity and person comprising Trustor.

Section 8.5 Captions.

The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Performance Deed of Trust.

Section 8.6 Invalidity of Certain Provisions.

Every provision of this Performance Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Performance Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Performance Deed of Trust.

Section 8.7 Governing Law.

This Performance Deed of Trust shall be governed by and construed in accordance with the laws of the State of California. Any action brought claiming a breach of this agreement or interpreting this agreement shall be brought and venued in Sacramento County, California.

Section 8.8 Gender and Number.

In this Performance Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Performance Deed of Trust, Mortgage.

Any reference in this Performance Deed of Trust to a mortgage shall also refer to a Performance Deed of Trust and any reference to a Performance Deed of Trust shall also refer to a mortgage.

Section 8.10 Actions.

Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee.

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Performance Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Performance Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Performance Deed of Trust is hereby waived to the full extent permissible by law.

Section 8.13 Acceptance by Trustee.

Trustee accepts this appointment when this Performance Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Performance Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

Section 8.14 Subordination.

Upon request by Trustor, Beneficiary (acting on Beneficiary's own behalf or through Horne, or any successor administrator) agrees to subordinate this Performance Deed of Trust to

only the following liens, deeds of trust, and monetary encumbrances: (i) liens for property taxes and assessments; (ii) deeds of trust to secure payment obligations due on a current basis with respect to the Property or other security executed by Trustor for the benefit of a lender concurrently with or prior to the date of recording this Performance Deed of Trust; and such subordination may be evidenced by a separate subordination agreement recorded in the Official Records of the county in the jurisdiction where the Property is located.

SIGNATURE ON FOLLOWING PAGE

IN WITNESS WHEREOF, Trustor has executed this Performance Deed of Trust as of the day and year first above written.

TRUSTOR:

By: _____

Name: _____

Its: _____

Date: _____

[Signature must be notarized]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public,
personally appeared _____, who proved to me on the
basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Name: Notary Public

**PERFORMANCE DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE
FILING ADDENDUM**

This Performance Deed of Trust, Security Agreement and Fixture Filing Addendum (the “**Addendum**”) is made as of _____, 20__ (the “**Effective Date**”), by and between _____ (“**Trustor**”), _____ Title Company, a California corporation (“**Trustee**”) and the Department of Social Services, a public agency of the State of California (“**Beneficiary**”).

RECITALS

A. Trustor and Horne LLP (“**Horne**”), as contractor to Beneficiary, entered into that certain Program Funding Agreement dated _____ (“**Agreement**”), pursuant to which Trustor was allocated funds pursuant to the Community Care Expansion Program (“**Program Funds**”) for the purposes of developing the project (“**Project**”).

B. Trustor and Beneficiary entered into a Declaration of Restrictions dated _____, and recorded on _____ as No. _____ (the “**Declaration of Restrictions**”), in the Official Records of _____ County, limiting the use of the Property to certain restricted uses, as specified in the Declaration of Restrictions.

C. Trustor entered into the Performance Deed of Trust, Security Agreement and Fixture Filing dated _____ and recorded on _____ as No. _____ (the “**Performance Deed of Trust**”) in the Official Records of _____ County, as security for the performance of all obligations of Trustor under the Agreement and Declaration of Restrictions.

D. The Agreement, Declaration of Restrictions, and the Performance Deed of Trust are sometimes referred to in this Addendum as the “**Program Documents**”.

E. By this Addendum, Beneficiary intends to provide rights to _____ (the “**Senior Mortgage Lender**”), which has recorded a deed of trust dated _____, and recorded on _____ as No. _____, higher in lien priority to the Performance Deed of Trust and to subject Beneficiary to additional notice, timing, and approval rights of the Senior Lender.

F. Trustor and Beneficiary wish to modify and add to the terms of the Performance Deed of Trust as set forth in this Addendum, and this Addendum is incorporated in the Performance Deed of Trust by this reference.

G. Capitalized words used without definition in this Addendum shall have the same meaning as defined in the Performance Deed of Trust.

NOW, THEREFORE, Trustor hereby covenants, agrees, and declares as follows:

1. STAND STILL PERIOD. The Stand Still Period (the “**Stand Still Period**”) is the thirty (30) day period of time after Beneficiary provides notice to the Senior Mortgage Lender

following delivery of a notice of default from Beneficiary to Trustor under the Program Documents, as defined in the Performance Deed of Trust. Beneficiary is subject to the Stand Still Period prior to commencing foreclosure by power of sale in Section 7.3 of the Performance Deed of Trust or applying to any court having jurisdiction to appoint a receiver under Section 7.4 of the Performance Deed of Trust.

2. CONSENT OF SENIOR MORTGAGE LENDER. Beneficiary will obtain the consent of the Senior Mortgage Lender prior to commencing an action to foreclose the Performance Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants in the Performance Deed of Trust, under Section 7.2(b) of the Performance Deed of Trust. Beneficiary additionally will obtain the consent of the Senior Mortgage Lender prior to delivering to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold, under Section 7.2(c) of the Performance Deed of Trust.

3. AMENDMENTS AND MODIFICATIONS. Any amendments or modifications to this Addendum must be in writing and shall be made only if executed by Trustor.

4. SEVERABILITY. Every provision of this Addendum is intended to be severable. If any provision of this Addendum is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

5. ADDENDUM CONTROLS. In the event that any provisions of this Addendum and the Program Documents conflict, the terms of this Addendum shall control.

[SIGNATURE BLOCK ON NEXT PAGE]

IN WITNESS WHEREOF, Trustor has executed this Addendum as of the Effective Date.

TRUSTOR:

By: _____

Name: _____

Its: _____

Date: _____

[Signature must be notarized]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Name: Notary Public

Attachment K

CONSTRUCTION CONTRACT ADDENDUM

This Construction Contract Addendum is made this _____ day of _____, _____, by and between _____ (“**Owner**”), and _____ (“**Contractor**”).

RECITALS

A. The Owner and Horne LLP (“**Horne**”), acting as program administrator for the California Department of Social Services (“**CDSS**”) have entered into that certain Program Funding Agreement dated _____ (“**Agreement**”), pursuant to which Owner was allocated funds pursuant to the Community Care Expansion Program (“**Program Funds**”) for the purposes of developing the Project.

B. Owner and Contractor have entered into a construction agreement dated _____ under which Contractor has agreed to undertake construction work on the Project (the “**Contract**”).

C. Owner and Contractor wish to modify and add to the terms of the Contract as set forth in this Addendum, and Contractor agrees to be bound by the following provisions in the construction of said Project, in order to provide for certain terms required by Horne as a condition of providing the Program Funds for the Project. It is a condition to Horne providing the Program Funds that the Contractor agrees to be bound by the terms hereof.

NOW, THEREFORE, Owner and Contractor hereby agree as follows:

1. **OWNER’S OBLIGATIONS.** Owner agrees that any obligation imposed on Contractor by this Addendum does not waive, diminish, or alter any of Owner’s obligations to Horne under the Agreement, and that the obligations of Contractor to Horne contained herein are in addition to those obligations of Owner to Horne or CDSS contained in the Agreement. Owner shall be solely responsible for satisfying its obligations to Contractor under the Contract.

2. **CONSENT TO ASSIGNMENT OF DEVELOPMENT RIGHTS.** Contractor consents to the assignment of its Contract with Owner to Horne, upon demand by Horne, and to any subsequent assignment of the Contract by Horne at the election of Horne. Contractor agrees that if there is a breach of the Agreement or any other Event of Default (as the term may be defined in the Agreement), Horne may elect to enforce the assignment and take over the Contract. Contractor agrees to continue to perform its obligations under the Contract and this Addendum for the benefit and account of Horne in the same manner as if performed for the benefit and account of Owner in the absence of the assignment at no additional cost to Horne, as long as Contractor continues to receive the compensation called for under the Contract. Contractor agrees that Horne shall not have any obligation under the Contract until Horne notifies it in writing of Horne’s election to accept the assignment.

3. **ASSIGNMENT OF SUBCONTRACTS.** Contractor hereby consents to the assignment to Horne of all its interest in all subcontracts and agreements now or hereafter

entered into by Contractor for performance of any part of the construction work required to be performed under the Contract, upon demand by Horne, and to any subsequent assignment, by Horne, at the election of Horne. The assignment will be effective upon acceptance by Horne in writing and only as to those subcontracts and agreements, which Horne designates in writing. Horne may accept said assignment at any time during the course of the construction work required to be performed under the Contract and prior to final completion of construction work required to be performed under the Contract in the event of an assignment to Horne, suspension, or termination of Contractor's rights under the Contract. Such assignment is part of the consideration to Owner for entering into the Contract with Contractor and may not be withdrawn prior to final completion of construction work required to be performed under the Contract. Contractor agrees that any subcontract entered by and between Contractor and a subcontractor in connection with the Contract or performance of the construction work required to be performed under the Contract shall expressly provide that such subcontract shall be assignable to Horne and that Horne subsequently may assign such subcontract.

4. COMMENCEMENT AND COMPLETION OF CONSTRUCTION.

Contractor must begin construction of the Project by the date set for the commencement of construction in the Agreement. Contractor must diligently prosecute construction of the Project to completion and must complete construction of the Project by the completion date set forth in the Agreement. Incorporated herein are the Statement of Work, Performance Milestones and Payment Schedule from the Agreement.

5. CONSTRUCTION BONDS. Upon execution of the Contract and prior to commencement of construction, unless otherwise approved by Horne, or CDSS in its sole discretion, Contractor must obtain a labor and material (payment) bond and a performance bond, or a dual bond which covers both payment and performance obligations, with respect to the construction of the Project in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of construction. Such bonds must be issued by a company which is authorized to transact surety insurance in California and which has assets exceeding its liabilities in an amount equal to or in excess of the bond amount. The bonds must name Horne and CDSS as obligees. Owner shall provide to Horne a copy of any and all such payment and performance bonds prior to commencement of construction of the construction work required to be performed under the Contract.

6. CONTRACT WORK. Contractor warrants and represents that it is licensed or otherwise authorized to perform the construction work specified in the Contract in the State of California. All construction work must be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work in the State of California. Contractor shall insert similar provisions in all subcontracts for work for the Project.

7. QUALITY OF WORK. Contractor must construct the Project in conformance with the plans and specifications and any modifications thereto approved by Horne. Contractor must construct the Project according to general industry standards and shall employ building materials of a quality suitable for the requirements of the Project and conforming to general industry standards. Contractor must construct the Project in full conformance with applicable local, state, and federal statutes, regulations, and building and housing codes.

The parties acknowledge that Horne and CDSS are under no duty to review the Plans and Specifications or to inspect construction of the Project. Any review or inspection undertaken by Horne or CDSS of the Project is solely for the purpose of determining whether Owner and Contractor are properly discharging their obligations, and should not be relied upon by Owner, Contractor, or any third parties as a warranty or representation by Horne or CDSS as to the quality of the design or construction of the Project.

8. **ADDITIONS OR CHANGES IN WORK.** Horne must be notified no later than thirty (30) days of the execution of a change order by and between Owner and Contractor, of any changes in the work required to be performed under the Contract or this Addendum, including any substantial additions, changes, or deletions to the approved Plans and Specifications, which exceeds Twenty-Five Thousand Dollars (\$25,000). Contractor shall not allow subcontractors to mark-up any change order by more than fifteen percent (15%). Contractor shall provide Horne and Owner with an updated budget and schedule prior to the commencement of construction at the Project and at fifty percent (50%) completion of the Project showing all changes from the budget and schedule prepared prior to the issuance of the notice to proceed to Contractor.

9. **SITE INSPECTIONS.** Contractor shall permit and facilitate in person and remote observation and inspection of work at the job site by Horne and CDSS and their agents and by public authorities during reasonable business hours.

10. **AUDITS.** Contractor must make available for examination at reasonable intervals and during normal business hours to Horne and CDSS's representatives all books, accounts, reports, files, and other papers or property with respect to all matters covered by the Contract and this Addendum, and must permit these representatives to audit, examine, and make copies, excerpts, or transcripts from such records.

11. **NO DISCRIMINATION.** Contractor may not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, sexual preference, national origin, AIDS or AIDS-related conditions, involvement in the justice system, or disability in any phase of employment during construction. Contractor agrees to post in conspicuous places available to all employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

12. **PREVAILING WAGES.** All workers performing construction work for the Project employed by Contractor and by any of its subcontractors must be compensated in an amount no less than the general prevailing rate of per diem wages as determined by the California Department of Industrial Relations under California Labor Code Sections 1770, et seq., and implementing rules and regulations. Contractor must comply with, and must ensure that its subcontractors comply with, all reporting and recordkeeping requirements of the applicable prevailing wage statutes and regulations.

In the event of underpayment of wages by Contractor or by any subcontractor employed on the Project, Horne, in addition to other rights and remedies afforded by this Agreement, may: (1) demand that any underpaying employer comply with these requirements; (2) demand that the underpaying employer pay the difference between the prevailing wage rate and the amount actually paid to workers; (3) withhold and/or pay any Program Funds as necessary to compensate

workers the full wages required under this Agreement; and/or (4) pursue any lawful administrative or court remedy to enforce these requirements against the underpaying employer. Any underpaying employer shall comply with a demand to pay any amounts due under this section within ten calendar days of the demand.

Contractor must include the prevailing wage requirement in all subcontracts for work on this Project and must specify that Horne and CDSS are intended third party beneficiary of such provisions. Contractor must take reasonable measures to monitor and enforce the prevailing wage requirements imposed on its subcontractors, including withholding payments to those subcontractors who violate these requirements. In the event that Contractor fails to take the above measures, Contractor shall be liable for the full amount of any underpayment of wages, plus costs and attorneys' fees, as if Contractor was the actual employer.

13. INSURANCE COVERAGE. Contractor must have in full force and effect during the complete course of construction of the Project, insurance, providing coverage in the types and amounts set forth below:

13.1 Worker's compensation insurance as required by the State of California.

13.2 Comprehensive automobile and vehicle liability insurance covering claims for injuries to members of the public and/or damages to property of others arising from use of motor vehicles, including on-site and off-site operations, and owned, non-owned, or hired vehicles, with \$1,000,000 combined single limits.

13.3 Commercial general liability insurance of not less than \$1,000,000 per occurrence with an annual aggregate limit of \$5,000,000 for bodily injury and property damage liability combined. Such insurance can be provided pursuant to an umbrella policy. The commercial general liability insurance policy shall cover liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured agreement. The commercial general liability insurance shall apply to each insured against whom claim is made or suit is brought subject to the Sponsor's limit of liability.

14. NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS. No member, official, employee, or agent of Horne or CDSS shall be personally liable to Contractor for any obligation created under the terms of the Contract or this Addendum except in the case of actual fraud or willful misconduct by such person.

15. INDEMNITY. Notwithstanding the insurance requirements herein, Contractor hereby indemnifies, defends and holds, Horne and CDSS and their respective members, officers, officials, employees, and agents (collectively, the "Indemnified Parties"), harmless against any losses, damages, liabilities, claims, demands, judgments, actions, court costs, and legal or other expenses (including attorneys' fees) which an Indemnified Party may incur as a consequence of Contractor's failure to perform any obligations as and when required by the Contract or this Addendum, any act or omission by Contractor or its subcontractors with respect to the Project, or any failure of any of Contractor's representations or warranties to be true and complete, except to the extent such losses are caused by the negligence or willful misconduct of the Indemnified

Party. Contractor shall pay immediately upon the Indemnified Party's demand any amounts owing under this indemnity. The duty of Contractor to indemnify includes the duty to defend the Indemnified Party in any court action, administrative action, or other proceeding brought by any third party arising from the Project. Contractor's duty to indemnify the Indemnified Party shall survive the term of the Contract.

16. **HAZARDOUS MATERIALS.** Neither Contractor nor any of its subcontractors may use the real property upon which the Project is to be constructed (the "Project Property") or allow the Project Property to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials. Contractor shall immediately notify Horne and Owner in writing of: (a) the discovery of any concentration or amount of Hazardous Materials on or under the Project Property requiring notice to be given to any governmental agency under Hazardous Materials Laws; (b) any knowledge by Contractor that the Project Property does not comply with any Hazardous Materials Laws; (c) the receipt by Contractor of written notice of any Hazardous Materials claims; and (d) the discovery by Contractor of any occurrence or condition on the Project Property or on any real property located within 2,000 feet of the Project Property that could cause the Project Property to be designated as a "hazardous waste property".

17. **NOTICES; NOTICE OF DEFAULT TO HORNE.** If at any time after the execution of the Contract it shall become necessary or convenient for Contractor to serve any notice, demand, or communication upon Horne, such notice, demand or communication shall be in writing provided in accordance with the notice requirements of the Agreement. Contractor shall give Horne prior or concurrent written notice of any default or breach claimed by Contractor against Owner or any other party under the Contract. The notice shall describe the default and give Horne the option to cure said default within 30 calendar days. No termination of the Contract by Contractor shall be binding unless Horne has been given the required notice and has not cured the default within thirty (30) calendar days.

18. **REMEDIES.** The parties hereto agree that Horne, while not a party to the Contract, is an intended third party beneficiary of the obligations imposed on Contractor in this Addendum. In the event of any breach or violation of any agreement or obligation of Contractor under the Contract or this Addendum, Horne may proceed with any of the following remedies:

18.1 Bring an action in equitable relief seeking the specific performance by Contractor of the terms and conditions of the Contract or this Addendum, and/or enjoining, abating, or preventing any violation of said terms and conditions;

18.2 Order immediate stoppage of construction and demand that any condition leading to the default be corrected before construction may continue;

18.3 Enter the Project Property and take any actions necessary in its judgment to complete construction of the Project as permitted under the assignment of development rights;

18.4 Suspend disbursement of Program Funds for the Project until the breach or violation is corrected, or, if Owner had any concurrent obligation to perform on or ensure performance on the breached obligation, cancel the Program Funds commitment made to Owner and terminate Horne's obligation to disburse Program Funds to Owner;

18.5 Terminate the Contract; or

18.6 Pursue any other remedy allowed at law or in equity.

19. **GOVERNING LAW.** This Addendum shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

20. **DEFINITIONS.** Capitalized terms not defined in this Addendum shall have the same meaning as defined in the Agreement.

21. **ATTORNEYS' FEES AND COSTS.** In the event any legal action is commenced to interpret or to enforce the terms of this Addendum, the prevailing party in any such action shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

22. **TIME.** Time is of the essence in the performance of this Addendum by Contractor.

23. **CONSENTS AND APPROVALS.** Any consent or approval required under this Addendum shall not be unreasonably withheld, delayed, or conditioned.

24. **BINDING UPON SUCCESSORS.** All provisions of this Addendum shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of each of the parties; provided, however, that this section does not waive the prohibition on assignment of this Addendum by Contractor without Horne's consent.

25. **RELATIONSHIP OF CONTRACTOR AND Horne.** Contractor understands that neither Horne nor CDSS undertakes or assumes any responsibility or duty to Contractor or to any third party. The relationship of Contractor and Horne/CDSS for this Project shall not be construed as a joint venture, equity venture, or partnership. Horne shall have no obligation to any party under the Contract but is an intended third party beneficiary of the obligations under this Addendum. Contractor shall have no authority to act as an agent of Horne or CDSS or to bind Horne or CDSS to any obligation.

26. **ASSIGNMENT.** Contractor may not assign any of its interests under the Contract or the Addendum to any other party, except with the prior written consent of Horne. Any unauthorized assignment shall be void.

27. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this Addendum must be in writing and shall be made only if executed by Owner and Contractor and consented to in writing by Horne.

28. **SEVERABILITY.** Every provision of this Addendum is intended to be severable. If any provision of this Addendum is held invalid, illegal, or unenforceable by a court

of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired.

29. **ADDENDUM CONTROLS.** In the event that any provisions of this Addendum and the Contract conflict, the terms of this Addendum shall control.

IN WITNESS WHEREOF, the undersigned parties have executed this Construction Contract Addendum as of the date first written above.

“CONTRACTOR”

By: _____

Title: _____

“OWNER”

By: _____

Title: _____

Attachment L

**CALIFORNIA DEPARTMENT OF SOCIAL SERVICES
COMMUNITY CARE EXPANSION PROGRAM
CAPITALIZED OPERATING
SUBSIDY RESERVE AGREEMENT**

This Capitalized Operating Subsidy Reserve Agreement (the “COSR Agreement”) is made and entered into _____, 2023, (the “Effective Date”), by and between _____, a _____ (enter the state of formation, and entity type) (“Sponsor”) and Horne LLP (“Horne”) acting as program administrator on behalf of the California Department of Social Services (“CDSS”). Horne and Sponsor may be referred to separately as a “Party” or collectively as “Parties.”

RECITALS

A. Horne is the third-party administrator of the CDSS Community Care Expansion Program (“CCE Program”) pursuant to that certain Standard Agreement with the California Department of Social Services, dated effective May 31, 2023, to facilitate program funding awards and to provide certain other services to CDSS. The agreement between CDSS and Horne shall hereinafter be referred to as the “Prime Contract” or “CDSS Contract”;

B. Horne and Sponsor entered into that certain Program Funding Agreement, on or about _____, (the “Program Funding Agreement”), in connection with Horne’s administration and disbursement of CCE Program Funds to Sponsor for the purpose of the acquisition, construction, renovation or other physical improvement of real property, infrastructure, or facilities to expand or preserve the capacity of residential adult and senior care facilities, for the benefit of Qualified Residents, as that term is defined in Welfare and Institutions Code Section 18999.97(e); and otherwise in accordance with the requirements of the CCE Program;

C. Pursuant to its Application, Sponsor was awarded Program funds in an amount not to exceed _____ and No/100s Dollars (\$_____.00) (the “Program Funds”) to preserve or expand residential adult and senior care facilities, by the acquisition, construction, renovation or other physical improvement of real property, infrastructure, or facilities, as described in the SOW, as attached to the Program Funding Agreement (the “Project”), in accordance with the terms of the Program Funding Agreement and the requirements of the CCE Program;

D. Sponsor was awarded a Capitalized Operating Subsidy Reserve (“COSR”) in an amount not to exceed _____ and No/100s Dollars (\$_____.00) (the “COSR Funds”) for the purpose of subsidizing operating costs related to the Project so that the Project can serve Qualified Residents. The COSR is available to subsidize operating costs for up to five (5) years from the date of commencement of operation of the Project, subject to the terms of this COSR Agreement and the requirements of the CCE Program or March 31, 2029, whichever date is earlier;

E. As a condition of the Program Funding Agreement, Sponsor has recorded against the real property, upon which the Project is to be constructed (the "Project Property"), a Declaration of Restrictions ("Declaration of Restrictions") restricting the use of the Project Property and the operation of the Project in compliance with the terms of the CCE Program for a period of [REDACTED] years, including the requirement that Sponsor give priority to Qualified Residents including those who are currently or formerly homeless or who are at risk of homelessness; and

F. Capitalized terms included herein, and not otherwise defined, shall be defined as provided in the Program Funding Agreement.

AGREEMENT

NOW THEREFORE, based upon the foregoing, and in consideration of the terms, conditions and covenants hereinafter set forth, the Parties agree as follows:

1. COSR Administration. The COSR Funds shall be held and administered by Horne for the benefit of the Project.

2. Term of COSR Agreement.

2.1 This COSR Agreement shall commence on the Effective Date and shall automatically expire on June 30, 2029 (the "Expiration Date"); (the period from the Effective Date through the Expiration Date shall be referred to herein as the "Term"), unless earlier terminated upon the occurrence of any of the following, prior to the Expiration Date: (a) depletion of the COSR Funds; (b) the date of the fifth anniversary of the Completion Date; (c) termination of this COSR Agreement by Horne pursuant to Section 14.9 of this COSR Agreement; (d) the date of termination of the Program Funding Agreement by Horne if such termination is prior to the Expiration Date of the Program Funding Agreement; or (e) the date of expiration or early termination of the Declaration of Restrictions.

2.2 In the event that Horne terminates the Program Funding Agreement, any remaining COSR Funds held by Sponsor shall be returned to Horne or CDSS, at the direction of CDSS, and no further disbursement of COSR Funds shall be made to Sponsor.

2.3 Within thirty (30) days of the date of expiration or early termination of this COSR Agreement, Sponsor shall deliver to Horne or CDSS, at the direction of CDSS, any and all reports and documents required pursuant to Section 11.2 of this COSR Agreement.

2.4 Upon the expiration of the Prime Contract between Horne and CDSS, including any amendments or time extensions thereto, if this COSR Agreement has not otherwise been terminated in accordance with the termination provisions stated in this COSR Agreement, the COSR Agreement shall be automatically assigned to CDSS or its designee.

3. Initial Disbursement. An Initial Disbursement, as defined below, shall be permitted by Horne once all conditions specified in Section 9 of this COSR Agreement have been satisfied.

4. Definitions.

4.1 “Business Day” means Monday through Friday excluding state and federal holidays.

4.2 “Capitalized Operating Subsidy Reserve Funds (“COSR Funds”)” means the capitalized operating subsidy reserve held and administered in accordance with this COSR Agreement by Horne or CDSS to cover deficits in Operating Expenses attributable to the Project as a result of Sponsor prioritizing Qualified Residents in accordance with the CCE Program and the Declaration of Restrictions.

4.3 “Certificate of Occupancy” means a certificate, or equivalent, issued by a local building department to Sponsor that indicates that the Project has met all local code requirements and is ready for occupancy.

4.4 “Completion Date” means: (i) the date the Project receives its Certificate of Occupancy for new construction; (ii) the date the Notice of Completion, or equivalent, is recorded, for rehabilitation projects; (iii) the date of the close of escrow for Sponsor’s acquisition of Project Property, where no construction or rehabilitation is contemplated.

4.5 “Fiscal Year” means Sponsor’s twelve (12) month fiscal year.

4.6 “Gross Income” shall mean with respect to a particular calendar year all revenue, income, receipts, and other consideration actually received from operation and leasing of the Project. Gross Revenue shall include, but not be limited to: all rents, fees and charges paid by residents, Section 8 payments or other rental subsidy payments received, deposits forfeited by residents, all cancellation fees, the proceeds of business interruption or similar insurance; the proceeds of casualty insurance not used to rebuild the Project; and condemnation awards for a taking of part or all of the Project for a temporary period. Gross Revenue shall not include residents’ security deposits, loan proceeds, capital contributions or similar advances and insurance proceeds used to rebuild or repair the Project.

4.7 “Initial Disbursement” means the first (1st) advance of funds from the COSR Funds that may be released by Horne or CDSS upon the request of Sponsor following the Completion Date.

4.8 “Notice of Completion” shall have the same definition as set forth in California Civil Code §8182.

4.9 “Operating Expenses” with respect to a particular fiscal year shall mean the following costs reasonably and actually incurred for operation and maintenance of the Project to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles or an acceptable equivalent approved by Horne or CDSS: property taxes and assessments imposed on the Project; staff costs, debt service currently due on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Project) on loans associated with development of the Project and approved by Horne or CDSS; premiums for property damage and liability insurance; utility services, including

water, sewer, and trash collection; maintenance and repair; any annual license or certificate of occupancy fees required for operation of the Project; security services; advertising and marketing; extraordinary operating costs specifically approved in writing by Horne or CDSS; payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves, and other ordinary and reasonable operating expenses approved in writing by the Horne or CDSS and not listed above. Operating Expenses shall not include the following: depreciation, amortization, depletion, or other non-cash expenses; any amount expended from a reserve account; and any capital cost with respect to the Project.

4.10 “Qualified Resident” shall have the meaning set forth in Welfare and Institutions Code Section 18999.97(e).

5. Purpose and Uses of COSR Funds.

5.1 The COSR Funds are intended to cover approved Operating Expenses that exceed Gross Income as a result of the Project serving Qualified Residents as required by the CCE Program and the Declaration of Restrictions.

5.2 The amount of each disbursement from the COSR (each a “COSR Disbursement”) shall be determined in advance by Horne or CDSS for each Fiscal Year, as set forth in Section 9, below. At any time during the term of this COSR Agreement, Horne or CDSS may review, re-underwrite and adjust the COSR amount, or the disbursements thereunder, if it determines in its sole discretion, that COSR payments are not necessary or that the Gross Income is sufficient to cover all Project-related approved Operating Expenses or that such adjustment shall improve the long term viability of the COSR for the benefit of the Project.

5.3 The COSR Funds are estimated to last no more than five (5) years from the Completion Date, but in all events shall be fully expended or returned to the State by March 31, 2029, subject to the terms of this COSR Agreement and the requirements of the CCE Program, and as reflected in the Operating Budget and Cash Flow Projections attached hereto as Exhibit A.

6. Exhaustion of the COSR Funds:

6.1 If, based on prior disbursements of COSR Funds and Sponsor’s annual operating budget, Horne, CDSS or Sponsor determine that COSR Funds may be exhausted prior to the date of expiration of this COSR Agreement, Sponsor shall submit a plan to Horne and CDSS for addressing Operating Expense shortfalls after exhaustion of the COSR Funds at least twelve (12) months prior to the expected depletion of the COSR Funds. The plan shall include, but not be limited to, the following:

6.1.1 An explanation of the efforts Sponsor has made to secure additional sources of funds necessary to continue to serve Qualified Residents.

6.1.2 A process for increasing the Gross Income to cover Operating Expenses.

7. Calculation of COSR Funds Disbursements.

7.1 The amount of the COSR Funds disbursement shall be based on the difference between: (i) the anticipated Gross Income for the Project in any Fiscal Year; and (ii) estimated annual Operating Expenses for the Project for the Fiscal Year.

7.2 COSR Funds disbursement amounts shall be determined annually by Horne or CDSS in advance of each Fiscal Year based on Sponsor's annual operating budget as well as cash flow projections submitted to Horne or CDSS in a form approved by Horne or CDSS in accordance with Section 11.2.2 below at least ninety (90) days prior to the beginning of the Fiscal Year. Annual COSR Funds disbursements in the amount determined by Horne or CDSS are subject to Section 10 below.

7.3 The calculation of the Initial Disbursement shall be in accordance with Section 9, below.

7.4 The COSR Funds disbursements shall be reconciled with actual Gross Income and actual Operating Expenses at or prior to each Fiscal Year's end. Horne or CDSS may require more frequent reconciliation of the COSR Funds disbursements in its sole and absolute discretion.

7.5 If funds from any COSR Disbursement remain unused in any given year, those funds shall be applied toward the next Fiscal Year's COSR Disbursement, if any or returned to Horne if there is no COSR Disbursement for the subsequent Fiscal Year.

8. Ownership, Reduction or Termination of COSR Funds.

8.1 Sponsor acknowledges and agrees that it has no ownership interest in the COSR Funds.

8.2 Sponsor acknowledges and agrees that the COSR Funds may be reduced or reallocated by CDSS prior to depletion if the Project receives new or increased revenue beyond those identified in the original underwriting, and in the judgment of Horne or CDSS the Project no longer requires COSR Funds or if the COSR Funds will not be used prior to the date of expiration of this COSR Agreement, in the sole discretion of either Horne, CDSS, or its designee.

8.3 Sponsor acknowledges and agrees that the COSR Funds shall be reduced, suspended, or terminated and this Agreement may be terminated by Horne and CDSS under the following circumstances:

8.3.1 Sponsor ceases to prioritize applications from Qualified Residents for the Project.

8.3.2 Sponsor is in default under the Program Funding Agreement or the Declaration of Restrictions.

8.3.3 Sponsor misrepresents any information provided in requested reports or documentation.

8.3.4 Sponsor is in default under any loan agreement or promissory note secured by a deed of trust recorded against title to the Project Property or the Project.

9. Conditions for the Initial Disbursement.

9.1 After the Completion Date, as defined herein, Sponsor may request the Initial Disbursement of COSR Funds upon Horne's receipt and approval of the following:

9.1.1 Evidence that the Completion Date has occurred.

9.1.2 Evidence of insurance coverage meeting the requirements of the Program Funding Agreement.

9.1.3 An operating budget for the initial operation period which shall be defined as the period from the Completion Date to the end of Sponsor's Fiscal Year, provided, however, if six (6) or fewer months remain in the Fiscal Year of the year in which the Completion Date occurs, the initial operation period shall include the full Fiscal Year after the year in which the Completion Date occurs.

9.1.4 Updates to Exhibit A, reflecting any changes to the first year annual operating budget and long-term cash flow projections.

9.1.5 Other items deemed necessary by Horne or CDSS to determine the required amount of COSR Funds to be disbursed, or to meet the requirements of the CCE Program.

9.2 Sponsor shall provide a signed request for the Initial Disbursement of COSR Funds in a form provided by Horne at least twenty (20) Business Days prior to the requested date for disbursement of COSR Funds.

9.3 The Initial Disbursement of COSR Funds may include a per diem of the COSR Funds from the beginning of the month the Completion Date occurred through the remainder of the current Fiscal Year; provided, however, that if six (6) or fewer months remain in the current Fiscal Year, the Initial Disbursement may cover the remainder of the current Fiscal Year plus the next full Fiscal Year, not to exceed eighteen (18) months.

10. Subsequent Disbursement of COSR Funds.

10.1 Subsequent COSR Funds disbursements shall require: (i) Request for Disbursement (on a form provided by Horne or CDSS) at least twenty (20) Business Days prior to the requested date for disbursement of funds; (ii) approval by Horne or CDSS of Sponsor's annual operating budget showing projected Operating Expenses and Gross Income; (iii) reports as required in Section 11.2; and (iv) additional information as requested by Horne or CDSS.

10.2 All subsequent COSR Fund disbursements shall be subject to Sponsor's full compliance with all other terms and conditions of this COSR Agreement, the Program Funding Agreement, and the Declaration of Restrictions.

10.3 Notwithstanding the foregoing, all subsequent COSR Funds disbursements shall be conditioned upon COSR Funds remaining available for disbursement.

11. Sponsor's Ongoing Obligations.

11.1 Sponsor is required to give priority to applications from Qualified Residents for occupancy of the Project and to comply with the terms of the Declaration of Restrictions. The COSR Funds are intended to address shortfalls in Gross Income resulting from the acceptance of Qualified Residents for occupancy of the Project. Disbursement of the COSR Funds may be suspended or terminated if Sponsor ceases to serve Qualified Residents as required by the CCE Program, the Declaration of Restrictions, and the Program Funding Agreement.

11.2 Reporting:

11.2.1 Sponsor shall submit an annual operating budget of the Project's projected Operating Expenses and anticipated Gross Income ninety (90) days prior to the beginning of the Project's Fiscal Year, including a cash flow projection. The annual operating budget should reflect COSR Fund distributions requested by Sponsor for that year and any unexpended COSR Funds from prior disbursements. The annual operating budget shall also show whether the COSR Funds are expected to be exhausted during the coming fiscal year and if so, the annual operating budget shall include an explanation pursuant to Section 6.1 including a description of Sponsor's efforts to obtain alternative operating subsidies to replace the COSR Funds.

11.2.2 Sponsor shall submit an annual audit of the Project's actual Gross Income and Operating Expenses ninety (90) days after the end of the Project's Fiscal Year or, if approved by Horne or CDSS for organizations with annual gross income of less than One Million Dollars (\$1,000,000), a credentialed accountant's certified financial statement that includes a balance sheet/statement of financial position or income statement/statement of activities. The annual audit or financial statement shall reflect the receipt of COSR Funds for that Fiscal Year, any unspent COSR Funds (that were previously distributed to Sponsor) at the end of the Fiscal Year, if applicable, and shall include a schedule of COSR Funds expenditures during the immediately preceding Fiscal Year.

11.2.3 Sponsor, contemporaneously with the submission of its annual operating budget, shall submit a report showing the number of Qualified Residents that applied for occupancy of the Project, the number of Qualified Residents that are currently occupying the Project and an explanation if any Qualified Residents were rejected for occupancy of the Project.

12. Cross-Default. A default under the Program Funding Agreement or the Declaration of Restrictions shall constitute a default under this COSR Agreement and a default under this COSR Agreement shall constitute a default under the Program Funding Agreement and the Declaration of Restrictions.

13. Third Party Beneficiaries. The State of California, represented by CDSS in this COSR Agreement, is a third party beneficiary of this COSR Agreement. This COSR Agreement shall not be construed so as to give any other person or entity, other than the Parties and CDSS, any legal or equitable claim or right. CDSS or another authorized department or agency representing

the State of California may enforce any provision of this COSR Agreement to the extent permitted by law as a third party beneficiary of this COSR Agreement.

14. Miscellaneous.

14.1 Dispute Resolution.

14.1.1 The Parties shall use reasonable efforts to resolve any dispute arising under this COSR Agreement within thirty (30) days pursuant to informal mediation before a retired judge with Judicial Arbitration and Mediation Services (“JAMS”) in Los Angeles, California.

14.1.2 If the Parties cannot resolve a dispute arising under this COSR Agreement pursuant to Section 14.1.1, the Parties shall submit such dispute to arbitration in accordance with the provisions of the American Arbitration Association. The Parties shall conduct any arbitration in Los Angeles, California. The arbitrator’s decision in any such arbitration shall be final, conclusive, and binding on the Parties.

14.1.3 TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HEREBY UNCONDITIONALLY WAIVE ANY RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY CLAIM ARISING OUT OF THIS COSR AGREEMENT.

14.1.4 For the avoidance of doubt, this Section 14.1 shall not apply to the State.

14.2 Attorneys’ Fees. If a dispute arising out of this COSR Agreement is finally adjudicated, the non-prevailing party shall pay the prevailing party’s reasonable expenses incurred in connection therewith, including reasonable arbitration costs and reasonable attorneys’ fees. If multiple items are disputed and the final decision is split, then the Parties shall allocate such expenses pro rata as to each item. This Section 14.2 shall not apply to the State.

14.3 Waiver. Horne’s failure to notify Sponsor of a breach or to insist on strict performance of any provision of this COSR Agreement shall not constitute waiver of such breach or provision.

14.4 Remedies. No remedy in this COSR Agreement is exclusive of any other remedy available under this COSR Agreement, at law or in equity. Horne may seek equitable relief, including an injunction, against Sponsor in connection with any breach or threatened breach of this COSR Agreement.

14.5 Limitation of Liability. Except as otherwise provided in this COSR Agreement, or by applicable law, Sponsor waives any right to seek, and Horne and CDSS shall not be liable for any special, consequential, or punitive damages; indirect, or incidental damages; or for any loss of goodwill, profits, data, or loss of use arising out of, resulting from, or in any way connected with the performance or breach of this COSR Agreement, even if Sponsor advises Horne or CDSS of the possibility of any such damages.

14.6 Relationship. Sponsor is an independent contractor with respect to Horne. This COSR Agreement is not intended to create a partnership, joint venture, employment, or fiduciary relationship between the Parties or between any Party hereto and CDSS.

14.7 Notices. Notices under this COSR Agreement must be (i) in writing, (ii) addressed to the receiving Party at the address described below (unless notice of a different address is given), and (iii) (A) if personally delivered to the recipient, notice is effective upon delivery, (B) if sent by a nationally recognized overnight courier service, notice is effective on the first business day following its timely deposit with such courier service, delivery fees for next business day delivery prepaid; no signature affirming receipt by the receiving party is required, the internal records of the courier service shall be accepted as sufficient evidence of the date of the deposit of the notice with the courier service, or (C) if sent by certified U.S. mail, notice is effective three (3) days after deposit thereof in the U.S. mail, postage prepaid, certified, return receipt requested. Counsel for a Party may send notice on behalf of its client.

Notices to Horne: Horne LLP (Horne)
400 Capitol Mall, Suite 1535
Sacramento, CA 95814
Attention: Geoffrey Ross and Dania Khan

With a copy to:

State of California
California Department of Social Services
744 P Street MS 8-4-70
Sacramento, CA 95814
Attention: Housing and Homelessness Division

Notices to Sponsor: [SPONSOR]
[ADDRESS]
[ADDRESS]
Attn: _____

With a copy to:

[NAME]
[ADDRESS]
[ADDRESS]

14.7.1 Notwithstanding the foregoing, the Parties may deliver any approval, disapproval, or request therefor via email. Such email notices and deliveries shall be valid and binding on the Parties, subject to the following:

14.7.1.1 Such email must be properly addressed to the other Party's Designated Representatives. For purposes of this COSR Agreement, "Designated Representative"

means initially (i) for Horne, Geoffrey Ross, Geoffrey.Ross@horne.com and Dania.Khan@horne.com (ii) for Sponsor, [REDACTED] and [REDACTED]. A Party may change a Designated Representative only upon notice to the other Party pursuant to the requirements of Section 14.7(iii)(A), (B) or (C).

14.7.1.2 If the sender receives a bounce-back, out-of-office or other automated response indicating non-receipt, the sender shall (i) re-attempt delivery until the other Party confirms receipt or (ii) deliver the item in accordance with Section 14.7(iii)(A), (B) or (C).

14.9 Termination. In addition to the grounds for termination of this COSR Agreement set forth in Sections 2 and 8 of this COSR Agreement, Horne may terminate this COSR Agreement upon thirty (30) days' notice if the Prime Contract is terminated by CDSS or if Horne is directed by CDSS to terminate this COSR Agreement. If the COSR Agreement is terminated pursuant to this Section 14.9, neither Horne nor CDSS shall be responsible for any disbursements pursuant to this COSR Agreement after the termination date or for any damages to Sponsor as a result of such termination.

14.10 Governing Law. The place of performance of this COSR Agreement is California and the laws of the State of California, shall govern the validity, performance, enforcement, and interpretation of this COSR Agreement. Any litigation or enforcement of an award must be brought in the appropriate state or federal court in the State of California, County of Sacramento. Each Party consents to personal and subject matter jurisdiction and venue in such courts and waives the right to change venue with respect to any such proceeding. The Parties acknowledge that all directions issued by the forum court, including injunction and other decrees, shall be binding and enforceable in all jurisdictions and countries.

14.11 Assignment. Sponsor shall not assign, delegate, or otherwise transfer this COSR Agreement, or its duties, or obligations in connection therewith, in whole or in part, without the prior written approval of Horne or CDSS. Horne's obligations under this COSR Agreement shall be assignable to CDSS or CDSS's designee upon CDSS's request without Sponsor's consent.

14.12 Transition of COSR. In the event that the Prime Contract expires or terminates prior to the disbursement of all COSR Funds awarded to Sponsor, CDSS, or its designee, at the sole discretion of CDSS, shall be responsible for any disbursement of COSR Funds due Sponsor under this COSR Agreement. Horne shall make commercially reasonable efforts to transition the COSR Funds and any reasonably necessary documentation related to the COSR Funds to CDSS or its designee at no cost to CDSS, provided, however, that Horne shall have no obligation to incur any liability, pay fees, charges, or reimbursement in connection with any wind-down or transition services.

14.13 Entire Agreement; Amendments. This COSR Agreement constitutes the entire agreement of the Parties with respect to its subject matter. It supersedes all oral or written agreements or communications between the Parties. No understanding, agreement, modification, change order, or other matter affecting this COSR Agreement shall be binding, unless in writing, signed by both Parties. No handwritten changes shall be effective unless initialed by each Party.

14.14 Counsel. The Parties, each, have reviewed and negotiated this COSR Agreement using such legal counsel as each has deemed appropriate.

14.15 Exhibits. The Attachments, Schedules, and Addenda, attached to this COSR Agreement are a part of this COSR Agreement and incorporated into this COSR Agreement by reference.

14.16 Partial Invalidity. If any part of this COSR Agreement is unenforceable, the remainder of this COSR Agreement and, if applicable, the application of the affected provision to any other circumstance, shall be fully enforceable.

14.17 Captions. The headings contained herein are for convenience only and are not intended to define, limit, or describe the scope or intent of any provision of this COSR Agreement.

14.18 Force Majeure. Neither Party shall be liable to the other for loss or damages due to failure or delay in rendering performance caused by circumstances beyond its reasonable control, if such failure could not have been overcome by the exercise of due diligence, due care, or foresight. Causes may include, but are not limited to, acts of God or a public enemy; wars; acts of terrorism; riots; fires; floods; epidemics; quarantine restrictions; labor disputes; strikes; defaults of subcontractors/vendors; failure/delays in transportation; unforeseen freight embargoes; unusually severe weather; or any law/order/regulation/request of a state or local government entity, the U.S. Government, or of any agency, court, commission, or other instrumentality of any such governments. Times of performance under this COSR Agreement may be appropriately extended for excused delays if the Party whose performance is affected promptly notifies the other of the existence and nature of such delay.

14.19 Publicity. Without prior written approval of the other, neither Party shall use the other's name or make reference to the other Party or any of its employees in publications, news releases, advertising, speeches, technical papers, photographs, sales promotions, or publicity purposes of any form related to this work or data developed hereunder, unless disclosure of such materials is required by legal, accounting, or regulatory requirements beyond the disclosing Party's reasonable control. Use of either Party's name may be made in internal documents, annual reports, and proposals. This Section shall survive expiration/termination of this COSR Agreement. Notwithstanding the foregoing, the Sponsor agrees that the State may use and refer to the Sponsor and the Project in any publication, news release, advertising, speech, technical paper, or for any other purposes.

14.20 Notice of Litigation. Promptly, and in any event within one (1) Business Day after an officer or other authorized representative of Sponsor obtains knowledge thereof, Sponsor shall provide written notice to Horne of (i) any litigation or governmental proceeding pending against Sponsor which could materially adversely affect the business, operations, property, assets, condition (financial or otherwise) or prospects of Sponsor and (ii) any other event which is likely to materially adversely affect the business, operations, property, assets, condition (financial or otherwise) or prospects of Sponsor.

14.21 Survival. Except as otherwise stated, sections that by their terms impose continuing obligations or establish continuing rights shall be deemed to survive the expiration or termination of this COSR Agreement.

14.22 Successors. This COSR Agreement shall be binding upon the Parties, their successors, and assigns.

14.23 Approvals. Whenever this COSR Agreement calls for a Party's approval, approval shall mean prior written approval (including via email), not to be unreasonably conditioned, delayed, or withheld, unless sole discretion is expressly noted.

14.24 Counterparts; Electronic Signatures. The Parties may sign this COSR Agreement in several counterparts, each of which constitutes an original, but all of which together constitute one instrument. Electronic signatures are valid and shall bind the Party delivering such signature.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the Parties hereto have executed this COSR Agreement as of the day and year first above written.

SPONSOR:

Horne:

**ADVOCATES FOR HUMAN POTENTIAL,
INC.**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT A

Operating Budget and Cash Flow Projections
(Per Cash Flow Proforma)

ATTACHMENT M

RFA



DHCS Behavioral Health Continuum
Infrastructure Program Launch Ready Grant
and
CDSS Community Care Expansion Program
Joint Request for Applications (RFA)

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Part One: Overview

1.1. INTRODUCTION TO THE GRANT OPPORTUNITY AND FUNDING

California Health and Human Services Agency (CalHHS) infrastructure funding, alongside significant new state and federal investments in homelessness, healthcare delivery reform, and the social safety net, is addressing historic gaps in the behavioral health and long-term care continuum to meet growing demand for services and supports across the life span.

The California Department of Health Care Services (DHCS) and California Department of Social Services (CDSS) are working in tandem to design and implement two new programs to support infrastructure projects: the Behavioral Health Continuum Infrastructure Program (BHCIP) and the Community Care Expansion (CCE) program. These investments will ensure care can be provided in the least restrictive settings by creating a wide range of options including outpatient alternatives, urgent care, peer respite, wellness centers, and social rehabilitation models. A variety of care placements can provide a vital off-ramp from intensive behavioral health service settings and transition individuals—including the most vulnerable and those experiencing or at risk of homelessness—to safe community living. Investing in adult and senior care facilities will divert Supplemental Security Income/State Supplementary Payment (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI) applicants and recipients from homelessness as a key part of California’s strategic multi-agency approach to increase housing options for seniors and persons with disabilities.

DHCS was authorized through 2021 [legislation](#) to establish BHCIP and award approximately \$2.1 billion to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. CDSS oversees CCE, which was established through [Assembly Bill \(AB\) 172](#) (Chapter 696, of Statutes 2021) as a companion effort focused on the acquisition, construction, and rehabilitation of adult and senior care facilities that serve SSI/SSP and CAPI applicants and recipients and other adults who are experiencing or at risk of homelessness.

These combined programs represent the largest such provision of resources for such infrastructure in the state’s history and an unprecedented opportunity to effect meaningful, sustainable change in the behavioral health and long-term care continuums in California.

1.2. PURPOSE AND PROGRAM OBJECTIVES—STATE PRIORITIES

Both BHCIP and CCE are designed to address the following State Priorities:

- Invest in behavioral health and community care options that advance racial equity
- Seek geographic equity of behavioral health and community care options
- Address urgent gaps in the care continuum for people with behavioral health conditions, including seniors, adults with disabilities, and children and youth
- Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization
- Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing homelessness and justice involvement

- Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy
- Leverage county and Medi-Cal investments to support ongoing sustainability
- Leverage the historic state investments in housing and homelessness

DHCS is releasing BHCIP funds through six grant rounds targeting various gaps in the state's behavioral health facility infrastructure.

BHCIP Rounds 1 and 2 were released in 2021:

- Round 1: Mobile Crisis, \$205M (\$55M Substance Abuse and Mental Health Services Administration grant funding)
- Round 2: County and Tribal Planning Grants, \$16M

The remaining BHCIP rounds will be released in 2022:

- Round 3: Launch Ready, \$518.5M
- Round 4: Children & Youth, \$480.5M
- Round 5: Behavioral Health Needs Assessment Phase One, \$480M
- Round 6: Behavioral Health Needs Assessment Phase Two, \$480.7M

Round 3: Launch Ready (\$518.5M), will provide funding to construct, acquire, and rehabilitate real estate assets to expand the behavioral health continuum of treatment and service resources in settings that serve Medicaid (Medi-Cal) beneficiaries. Proposed behavioral health infrastructure projects must demonstrate they have been through a planning process and are ready for implementation. For Round 3: Launch Ready, applications will only be accepted from projects that are determined to be launch ready and are submitted according to the timeline in this RFA (Section 1.4). Awarded grant funds for Round 3: Launch Ready must be obligated by June 2024 and liquidated by December 2026.

The CCE program will provide \$805 million in funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve SSI/SSP and CAPI applicants and recipients, including those who are experiencing or at risk of homelessness.

CCE Capital Expansion

- Approximately 75 percent of funds (\$570,000,000) will be made available for capital expansion projects, including acquisition, construction, and rehabilitation of residential care settings. Grantees may be approved to use a portion of these funds to establish a capitalized operating subsidy reserve (COSR) for these projects, available for use for up to 5 years.
- Applications for CCE Capital Expansion project funding will be accepted on a project-by-project basis through this joint RFA and funded on a rolling basis until funds are exhausted. However, projects that cannot be funded prior to applicable obligation and liquidation deadlines may not be funded. A portion of the CCE budget includes Home and Community-Based Services (HCBS) funding that must be obligated by December 2023 and liquidated by June 2026, as well as State Fiscal Recovery Funds (SFRF) that

must be obligated by June 2024 and liquidated by December 2026. The exact timeline for obligation and liquidation of funds for each funded project will be provided in the grant award announcement.

CCE Preservation, Including Capital Preservation

- Approximately 25 percent of the funds will be made available for rehabilitation to preserve settings that currently serve the target populations, including \$55 million for a COSR for existing licensed facilities, including but not limited to those facilities that receive preservation capital funding. These funds will be provided to counties and tribes through a direct-to-county and -tribe allocation process that will be announced separately from this joint RFA.

1.3. AUTHORIZING AND APPLICABLE LAW

BHCIP: [Welfare and Institutions Code, Division 5, Part 7](#)

CCE: [Welfare and Institutions Code, Division 9, Part 6](#), commencing with section 18999.97

1.4. TIMELINE

Table 1a: Timeline for BHCIP Applications

RFA release	January 31, 2022
Pre-application consultations	Beginning February 1, 2022; ongoing
Application portal open	February 15, 2022
Joint RFA informational webinar Please preregister.	February 10, 2022; 10:30 a.m.-12:00 p.m. PT
Frequently asked questions	Updated regularly and posted on website
Deadline for questions	7 days prior to each application due date
Part One application due date*	March 31, 2022
Part Two application due date*	May 31, 2022
Part One Award announcements*	May/June 2022
Part Two Award announcements*	July/August 2022

*See Section 2.2 Application Process (page 6)

Table 1b: Timeline for CCE Applications

RFA release	January 31, 2022
Pre-application consultations	Beginning February 1, 2022; ongoing
Application portal open	February 15, 2022
Joint RFA informational webinar Please preregister.	February 10, 2022; 10:30 a.m.-12:00 p.m. PT
Frequently asked questions	Updated regularly and posted on website
Deadline for questions	Ongoing
Application due date	Accepted on a rolling basis until grant funds are exhausted
Award announcements	Beginning in March 2022 and ongoing
Evaluation of statewide funding redistribution	October 2022

Part Two: Application, Submission, Award

2.1. TOTAL GRANT AMOUNTS

BHCIP Launch Ready: \$518,500,000 is available to construct, acquire, and rehabilitate real estate assets to expand the behavioral health continuum of treatment and service resources in settings that serve Medicaid (Medi-Cal) beneficiaries.

CCE: \$570,000,000 is available for acquisition, construction, and rehabilitation capital expansion projects (“expansion” projects) of residential care settings to expand the community care options that serve seniors and adults with disabilities experiencing or at risk of homelessness.

2.2. APPLICATION PROCESS

BHCIP

Round 3: Launch Ready will be composed of two application parts to balance the needs of projects capable of immediate expansion with applicants who require more time to develop their application. This will offer applicants two potential deadlines for submissions. Applicants in Part One will be evaluated competitively against each other. Round 3: Launch Ready Part One is intended for entities that can submit the application and necessary materials by March 31, 2022. Part One applicants will receive priority. Any remaining funds not awarded in Part One will be available for Part Two applicants. Part Two applicants will be evaluated competitively against each other.

Applications will be accepted electronically beginning February 15, 2022. Applications may not be hand-delivered or mailed. The application and attachments, along with instructions for submittal of the online application, can be found on the [Improving California’s Infrastructure website](#). No modified formats will be accepted. The cutoff date for all Part One applications is March 31, 2022, at 5:00 p.m. PT. The cutoff date for all Part Two applications is May 31, 2022, at 5:00 p.m. PT. Applications cannot be edited once submitted. It is the applicant’s responsibility to ensure that the submitted application is accurate. Reviewers may request additional clarifying information from the applicant.

CCE

CCE applications will be accepted and reviewed on a rolling basis until all grant funds are exhausted. However, projects that cannot be funded prior to applicable obligation and liquidation deadlines may not be funded.

Applications will be accepted electronically beginning February 15, 2022. Applications may not be hand-delivered or mailed. The application and attachments, along with instructions for submittal of the online application, can be found in the [Improving California’s Infrastructure website](#). No modified formats will be accepted. Applications cannot be edited once submitted. It is the applicant’s responsibility to ensure that the submitted application is accurate. Reviewers may request additional clarifying information from the applicant.

BHCIP and CCE application process

The application is a public record that is available for public review pursuant to the California Public Records Act (CPRA) (Chapter 3.5 [commencing with Section 6250] of Division 7 of Title 1 of the Government Code). After final awards have been issued, DHCS or CDSS may disclose any materials provided by the applicant to any person making a request under the CPRA. Applicants are cautioned to use discretion in providing information not specifically requested, such as personal phone numbers and home addresses. If the applicant does provide such information, they will be waiving any claim of confidentiality and will have consented to the disclosure of submitted material upon request.

Reasonable Accommodations for BHCIP and CCE: For individuals with disabilities, DHCS or CDSS will provide assistive services such as reading or writing assistance and conversion of the RFA, questions/answers, RFA addenda, or other Administrative Notices in Braille, large print, audiocassette, or computer disk. To request copies of written materials in an alternate format, please send an email to support@CCEprogram.com.

DHCS and CDSS will prioritize completed applications by geographic distribution to ensure the equitable and fair distribution of funds (Table 2). Both programs will adopt a regional funding approach, similar to models used in other state-funded capital programs (e.g., Homekey). Counties are assigned to one of seven geographic regions, each with a specific funding amount reserved. The funding amount reserved was determined based on the program-specific methodology described below. Applicants within each region will compete against other applicants in that same region, thereby supporting geographic equity and funding disbursement across the state.

DHCS and CDSS will reserve up to 20 percent of the BHCIP Round 3 funds and CCE Capital Expansion funds to ensure funding is effectively used to address and support the needs of vulnerable populations and gaps within the care continuum, consistent with the State Priorities. For example, the discretionary set-aside may be used to fund high-scoring projects in regions that have met their funding reserve.

Regional Funding Reserve Methodology

For BHCIP funding reserves, a ratio of available Launch Ready funding to the Behavioral Health Subaccount county allocations has been used, with 5 percent set aside for tribal entities.

For BHCIP, following an initial round of funding allocations (timeframes to be determined by DHCS), funds **may** be used for viable applications falling outside of the initial allocation priority schedules, geographical divisions, or other initial fund allocation restrictions.

The CCE regional funding reserve methodology was calculated using the distribution of adult and senior care facilities in counties across the state, the 2019 Homeless Point-in-Time count, and the proportion of SSI/SSP applicants and recipients across the state. Of the total amount of CCE funding provided under this RFA, 8 percent will be competitively awarded to small counties (populations of 200,000 or fewer) and 5 percent of funds will be reserved for tribal communities.

The RFA will be open to CCE applicants on a rolling basis. CDSS has established an initial priority application period from the release date of the CCE application through September 30, 2022. During this prioritization period, CDSS will group applications into one of the seven geographic regions, unless the application is prioritized for the rural or tribal entity set-asides. This timeframe will allow applicants time to prepare projects and seek relative technical assistance (TA). It also provides CDSS with additional data on the statewide need and interest. After September 30, 2022, CDSS reserves the right to stop grouping applications by geographic region, and instead deploy unused funds from any undersubscribed geographic region(s) to fund subsequent applications statewide.

Table 2: Regions and Counties

Counties by Geographic Distribution	BHCIP Launch Ready Estimated Targeted Funding Levels (less 20% discretionary and 5% tribal set-asides) (Total available: \$394,060,000)	Community Care Expansion Estimated Targeted Funding Levels (less 20% discretionary and 5% tribal set-asides) (Total available: \$430,171,874)
Los Angeles County	\$138,033,407	\$135,281,766
Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma	\$80,110,607	\$85,690,868
Southern California: Imperial, Orange, Riverside, San Bernardino, San Diego, Ventura	\$75,954,578	\$100,473,714
San Joaquin Valley: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare	\$44,552,480	\$45,982,932
Sacramento Area: El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba	\$23,553,889	\$31,914,624
Central Coast: Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz	\$14,912,943	\$15,052,939

Balance of State: Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne	\$16,942,096	\$15,775,031
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2.3. PRE-APPLICATION CONSULTATIONS AND TA

Horne LLP (Horne), a consulting and research firm focused on improving health and human services systems, is serving as the administrative entity for CCE. Horne assists state and local organizations to implement and evaluate a wide range of services focusing on mental health treatment and recovery, substance use disorder treatment and prevention, workforce development, homelessness, housing, long-term services and supports, and criminal justice.

Beginning on February 1, 2022, and as part of the RFA process, either the previous third-party administrator or Horne will provide a pre-application consultation and individual agency/county TA. In addition, Horne will offer ongoing general training and TA throughout the life of the project. Applicants are required to submit a request for a pre-application consultation and complete a survey to determine their understanding of the RFA requirements. These include facility siting, permit and licensing requirements, construction plans and launch readiness, oversight and management, match requirements, and budgeting practices. In addition, applicants will be required to discuss how their proposed project meets local and/or regional gaps identified through an assessment, as well as how it addresses the state's priorities. A Horne implementation specialist will work with applicants to support them in these areas by connecting them with subject matter experts in real estate, financing, and programmatic best practices serving the prioritized or target population to bring targeted TA to applicant and grantees. Additional information related to pre-application consultation and TA throughout the grant period can be found on the [training and technical assistance webpage](#).

The Round 2 funding via BHCIP consisted of a planning RFA for counties and tribes for BHCIP and CCE projects. For applicants who have received a BHCIP Round 2 Planning Grant, that grant will be considered during the TA planning process in order to leverage local planning already underway. **2.4. APPLICATION SCORING CRITERIA**

Applications for BHCIP and CCE must meet the following minimum criteria to be considered for award:

- Full and complete application
- Commitment to serve population and to address the gaps identified in the community
- Demonstrated match
- Completed pre-application consultation

- Attested to meet federal, state, and local laws
- Reasonable cost compared to projects within the same region
- Able to expend funds within the required timeline

CCE applicants will be awarded on a rolling basis. Projects that meet the minimum criteria will be eligible to be funded, until all grant funds are committed. BHCIP is a competitive application process. Funding decisions will be based on a variety of factors, including

- Alignment with the State Priorities described in 1.2, above;
- Alignment with local and/or regional needs, gaps, and priorities as described in 3.2, below;
- Alignment with needs and gaps described in the statewide assessment, [*Assessing the Continuum of Care for Behavioral Health Services in California: Data, Stakeholder Perspectives, and Implications*](#);
- Assurance that funds are invested throughout the state;
- Extent to which the project addresses gaps in underserved areas;
- Extent to which the project addresses gaps in underserved populations;
- Review of each project's proposed costs and a determination of reasonableness for the facility type, scope, budget, and schedule of rehabilitation or renovations proposed;
- Degree to which the applicant leverages local funding;
- Ability to use funds within the funding timeline;
- Degree to which the applicant demonstrates long-term sustainability of the proposed project;
- Proposed increase in the number of persons to be served by the expansion;
- Ability to meet match expectations; and
- Degree to which the proposed plan for serving the target population(s) demonstrates the use of established best practices.

Funds awarded pursuant to the program must be used to supplement, and not supplant, other funding available from existing local, state, or federal programs or from grants with similar purposes.

Real Estate Acquisition and Development experts under contract with Horne will conduct financial viability assessments of each applicant's project. Through review of the RFA pre-application consultation, interviews, and financial document review, they will assess long-term operational sustainability (i.e., once the capital project is complete and in use for its intended purpose). TA provided will not factor into the evaluation of the application submitted. Staff providing TA will not be scoring applications.

2.5. AWARD PROCESS

Successful applicants will receive an award letter and a Standard Agreement from Horne, the DHCS and CDSS administrative entity. The agreement must be signed, returned, and fully executed with Horne before initial funding will be awarded.

BHCIP only: Applications that are not funded during Round 3 may be considered for future funding rounds, subject to the requirements and priorities of those rounds. TA will be available to help applicants explore future BHCIP funding rounds, as well as other potential sources of funds to support the proposed projects.

CCE only: Applications that meet the minimum criteria outlined in Section 2.4, eligibility criteria described in Section 3.1, and the eligible uses requirements in Section 3.2 will be considered for funding until all available funds are fully obligated. However, projects that cannot be funded prior to applicable obligation and liquidation deadlines may not be funded. A portion of the CCE budget includes federal funding that must be obligated by June 2024 and liquidated by December 2026. The exact timeline for obligation and liquidation of funds for each funded project will be provided in the grant award announcement. Applicants that are not awarded initially will be provided TA for resubmission, subject to the availability of funds.

2.6. APPEALS

California law does not provide a protest or appeal process against award decisions made through an informal selection method. Applicants submitting a response to this RFA may not protest or appeal the award. All award decisions made by DHCS and CDSS shall be final. Applicants for CCE funds that fail to be awarded initially will be provided TA for resubmission, subject to the availability of funds.

Part Three: Program Requirements

3.1. ELIGIBILITY CRITERIA

Eligible applicants for BHCIP Launch Ready and CCE funds include counties, cities, tribal entities (including 638s and urban clinics), nonprofit organizations, for-profit organizations, and other private organizations, including private real estate developers, whose projects reflect the State Priorities. Each of these entities may apply independently or may apply jointly with another eligible entity as a co-applicant. Co-applicants can include multi-county projects. As allowed or required by context, “applicant” shall be interpreted to include any of the foregoing entities, as well as that entity’s nonprofit or for-profit corporation co-applicant. Upon receiving an award of funds, the eligible applicant and any co-applicant(s) will, both individually and collectively, be referred to as the “grantee” for purposes of this RFA.

Applicants are encouraged to apply for funding from both programs (BHCIP and CCE), as applicable. See Section 3.2 for examples.

Applicants may submit applications with a variety of partners to encourage innovative, comprehensive local and regional approaches. For applicants with partners, including co-applicants, all proposed partners must submit letters of commitment with the application. The required match will be determined by the types of applicants. If a private organization has a collaboration with a county, for example, the project qualifies for the county match amount, as long as supporting documentation is submitted.

Proposed BHCIP Launch Ready projects need to expand community capacity for serving the behavioral health (mental health and substance use disorder [SUD]) population and must make a

commitment to serve Medi-Cal beneficiaries. Under CCE, projects need to expand capacity in residential care settings that serve seniors and adults with disabilities who require long-term care supports, with priority for people experiencing or at risk of homelessness who are applicants or recipients of SSI/SSP or CAPI benefits.

Private organizations that do not have prior experience must apply with a partner. These private organizations (including real estate developers) without related prior experience that are collaborating with nonprofit organizations, tribal entities, cities, or counties may apply, with the requirement that the private organization must have

- A Memorandum of Understanding (MOU) or other agreement with the nonprofit organization, tribal entity, city, or county to confirm the private organization's role in the project, including that they are working on behalf of the service provider, and
- Related prior experience, reflected in the successful development, ownership, or operation of a relevant project for individuals who qualify as members of the target population.

3.2. ELIGIBLE USES

Eligible facility types for BHCIP Launch Ready projects must expand the community continuum of behavioral health treatment resources to build new capacity or expand existing capacity for short-term crisis stabilization, acute and sub-acute care, crisis residential, community-based mental health residential, SUD residential, peer respite, mobile crisis, community and outpatient behavioral health services, and other clinically enriched longer-term treatment and rehabilitation options for persons with behavioral health disorders in an appropriate and least restrictive and least costly setting.

Eligible settings for CCE include residential settings that expand the long-term care continuum and serve the target population, including but not limited to licensed adult and senior care facilities, recuperative or respite care settings, and independent residential settings. Facilities funded by regional centers are not eligible for CCE funds.

Applicants will be expected to define the types of facilities or settings they will operate and populations they will serve. Evaluation criteria will be used by the state to ensure that a given project is serving its target population in line with the State Priorities. In addition, all applicants must share data to demonstrate project need. This may include, for example, a local county/tribal/provider needs assessment, a facility wait list, the number of comparable facilities in the area, or other quantifiable documentation. Applicants will be required to demonstrate how the proposed project will advance racial equity and will be required to certify that they will not exclude populations, including those who are justice involved, unless required by state law. In addition, BHCIP-funded behavioral health facilities, as applicable, must provide Medi-Cal behavioral health services and will be expected to have in place a contract with their county to ensure the provision of Medi-Cal services once the funded facility's expansion or construction is complete.

Applicants are encouraged to think broadly about how BHCIP and CCE funds together can be maximized to design person-centered projects based on the needs and gaps within their local

systems of care, coupled with the state's priorities. The following are examples of projects that could apply for both programs:

- An adult residential facility (ARF) applies for CCE funding to make the facility Americans with Disabilities Act (ADA) accessible and expand capacity to serve additional SSI/SSP or CAPI applicants and recipients. The provider also applies for BHCIP funds to add a day treatment, clubhouse, or peer-run/peer-operated center on their property.
- A residential care facility for the elderly (RCFE) applies for CCE funds to add additional beds to serve individuals who are experiencing homelessness and applies for BHCIP funds to add a behavioral health outpatient office within their network for their Medi-Cal population.
- A behavioral health crisis residential facility applies for BHCIP funding to expand facility capacity and CCE funding to create a residential setting that provides step-down residential support services for SSI/SSP or CAPI applicants and recipients at risk of homelessness.

The following facility types and subcategories may be considered for project funding through BHCIP or CCE, separately or together.

Outpatient Services (includes a variety of settings delivering clinical support services, but not overnight residential services)		
	BHCIP	CCE
Community wellness centers (including those that are youth focused)	x	
Hospital-based outpatient treatment (outpatient detoxification/withdrawal management)	x	
Intensive outpatient treatment	x	
Narcotic Treatment Programs (NTPs)	x	
NTP medication units	x	
Office-based outpatient treatment	x	
Sobering centers (funded under DMC-ODS and/or Community Supports)	x	

Residential Clinical Programs (includes a variety of settings primarily focused on delivering clinical services; also provide shelter and support, from overnight to many days, weeks, and months)		
	BHCIP	CCE
Acute inpatient hospitals—medical detoxification/withdrawal management (medically managed inpatient detoxification/withdrawal management facility)	x	
Acute psychiatric inpatient facilities	x	
Adolescent residential treatment facilities for SUD	x	
Adult residential treatment facilities for SUD	x	
Chemical dependency recovery hospitals	x	
Children's crisis residential programs (CCRP)	x	

Community treatment facilities (CTFs)	x	
Crisis stabilization units (CSUs)	x	
General acute care hospitals (GACHs) and acute care hospitals (ACHs)	x	
Mental health rehabilitation centers (MHRCs)	x	
Psychiatric health facilities (PHFs)	x	
Short-term residential therapeutic programs (STRTPs)	x	
Skilled nursing facilities with special treatment programs (SNFs/STPs)	x	
Social rehabilitation facilities (SRFs)	x	

Residential Support Programs (BHCIP-funded facilities listed here are primarily focused on shelter and support services, from overnight to many months; funded facilities are required to serve Medi-Cal recipients. CCE will fund adult and senior care settings to provide care and support to seniors and adults with disabilities.)

	BHCIP	CCE
Peer respite	x	x
Recovery residence/sober living homes	x	x
Adult residential facilities (ARFs)		x
Residential care facilities for the elderly (RCFEs)		x
Permanent Supportive Housing that serves the needs of seniors and adults with disabilities (including models that provide site-based care, such as Program for All Inclusive Care for the Elderly [PACE] and the Assisted Living Waiver programs)		x
Other residential care settings that serve the target population, including recuperative care sites		x

Facility types that are not eligible for funding:

- Correctional settings
- Schools
- Facilities funded by regional centers (CCE only)

3.3. MATCH

Applicants will be required to provide matching funds as part of the project. Match requirements are set according to applicant type.

- Tribal entities = 5% match
- Counties, cities, and nonprofit providers = 10% match
- For-profit providers and/or private organizations = 25% match

In order to incentivize local partnerships while also helping to expedite projects, for-profit providers who partner with tribes, counties, cities, or nonprofit providers will be eligible for the lower match. For example, a sole proprietor operating a small ARF that has partnered with a county will have a match requirement of 10%.

Match in the form of cash and in-kind contributions—such as land or existing structures—to the real costs of the project will be allowed for both BHCIP and CCE. The state must approve the match source. Cash may come from

- [American Rescue Plan Act \(ARPA\)](#) funds granted to counties and cities,
- Local funding,
- [Mental Health Services Act \(MHSA\)](#) funds in the 3-year plan (considered “other local”),
- [Opioid Settlement Funds](#) for SUD facilities (BHCIP only),
- Foundation/philanthropic support,
- Loans or investments, or
- Other.

Real property in the form of publicly or privately owned or donated land and/or buildings owned may count as match. Examples include

- Unused city or county buildings,
- Buildings originally intended for another purpose,
- Surplus land,
- State property, and
- Land trust.

Services will not be allowed as match.

3.4. GENERAL PROGRAM REQUIREMENTS

To be eligible to receive funding, projects must meet the following requirements as they relate to the applicant and project types. Refer to Section 3.5 for additional information on eligible pre-development funding.

Site control: Applicant has clear control of the property to be acquired or rehabilitated, as evidenced by one of the following:

- Clear title with no encumbrances or limitations that would preclude the proposed use (fee title);
- Existing long-term lease for the required use restriction period, with provisions to make improvements on the property;
- A leasehold estate held by a tribal entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs;
- Fully executed option to purchase, sales contract, or other enforceable agreement to acquire the property;
- A letter of intent (LOI) that outlines the terms of a sale or lease contract, providing that a fully executed option will be completed within 60 days; or
- Fully executed option to lease, or similar binding commitment from property owner to agree to a long-term lease for the required use restriction period.

Permits

- Applicant documents understanding of approvals and permitting needed, and the capacity to obtain these approvals and permits, as evidenced by both of the following:
 - Providing detailed information regarding the site of the proposed capital project, including zoning, land use limitations, permissible “as of right” uses, and any approvals or variances that may be required and
 - Including a list of the approvals and permits required to complete the project as described in the construction plan (below), along with the sequences of these approvals and permits.
- Applicant commits to making initial required applications within 60 days of award, as applicable.

Licensure/certification

- Applicant provides documentation of all required certifications/licenses, including but not limited to those required by the appropriate department under CalHHS.
- For applicable projects that cannot be licensed/certified by the state and/or local level until they are completed, applicant will demonstrate that they understand the applicable licensing/certification timelines and requirements. Tribal entities that are exempt from state licensing and/or requirements must describe the basis for their exemption and their plan for meeting programmatic requirements. As part of the TA that will be made available, applicants may receive information and guidance about the licensure and certification process.

Preliminary construction plans for proposed project, such as

- Site plan (if applicable);
- Architectural drawings, blueprints, and/or other renderings;
- If no construction plan is yet in place, a valid cost estimate from an architect, licensed general contractor, or engineer.

Acquisition and/or construction timeline

- Acquisition should begin within approximately 6 months of award. Development must begin immediately after acquisition and be completed within the approved timeline. Applicant should provide a timeline from a licensed general contractor or construction manager to illustrate how this will be achieved.
- Applications for projects that can start sooner may be rated higher.

Capacity to meet match requirements (see Section 3.3)

Approval and engagement

- Organizational support is indicated by a letter from the CEO and/or board, county board of supervisors, or tribal council resolution, as applicable.

- Applicant provides documentation of active community engagement and support, particularly with people with lived experience. Insights from the community should be included in project planning, design, implementation, and evaluation. Examples may include survey results, notes taken during stakeholder engagement sessions, etc.
- **BHCIP Launch Ready only:** City, nonprofit, or private applicants must include a letter of support from their county behavioral health agency or, if a tribal facility, the tribal board at the time of application or within the grant decision period.
 - The letter must indicate that BHCIP grantees that operate Medi-Cal behavioral health services will have in place a contract with their county to ensure the provision of Medi-Cal services once the financed facility's expansion or construction is complete.

Service use restriction

Applicants will be required to commit to a service use restriction as follows:

- BHCIP: Commitments to provision of services and building use restriction for entire 30-year period.
- CCE: Commitments to provision of services and building use restriction for 30 years for new facilities and a 20-year use restriction for capacity expansion for an existing facility.

3.5. Pre-DEVELOPMENT (CCE ONLY)

Prospective applicants that demonstrate viable projects via the pre-application consultation with real estate TA from the grant administrator or its Community Development Financial Institution (CDFI) partners may have the opportunity to apply for pre-development costs within the RFA using CCE funds only.

Examples may include but are not limited to:

- Hiring a development team (lawyer, architect, owner's representative or construction manager)
- Physical needs assessment
- Feasibility study
- Site plan
- Environmental survey (Phase 1 & 2 reports)
- Schematic and construction drawing and architectural plans
- Construction cost estimates
- Preliminary engineering/dry utilities
- Stakeholder coordination
- Preliminary development budgets
- Basic underwriting

3.6. BUDGET DEVELOPMENT

Applicants are required to submit a budget with their BHCIP Launch Ready and CCE applications to assist DHCS/CDSS in establishing reasonableness of the final amount awarded. Applicants are encouraged to use the BHCIP Launch Ready and CCE budget templates in Attachment A (Form 1) to create a budget and will be asked to insert the budget figures as part of the online application process. All items budgeted must be inclusive of all costs, including taxes and fees, in U.S. dollars. If an applicant has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the applicant may use its current NICRA. Alternatively, if the applicant does not have a NICRA, the applicant may elect to use a rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).

3.7. CAPITALIZED OPERATING SUBSIDY RESERVE (COSR) (CCE)

CCE applicants may request a portion of their funds be used for a COSR. A COSR can be an essential component of development projects serving households with very low incomes. The COSR helps to ensure continued operations and long-term sustainability of capital projects like CCE. CCE projects wishing to use funds from the project development budget for a COSR will be required to create a Funding and Disbursement Agreement (FDA). The COSR can be used to cover operational costs associated with utilities, maintenance and repairs, taxes and insurance, and staff, among others. CCE COSR funds will be capitalized in the applicant's development budget, helping to mitigate risk among long-term project investors. A COSR is available for use for up to 5 years from the time operations in the new or expanded facility begin; future funding streams should be included in the project development budget, in the event that the facility carries an operating deficit after the 5-year CCE COSR timeframe ends.

3.8. ACCESSIBILITY AND NON-DISCRIMINATION

All developments shall adhere to the accessibility requirements set forth in California Building Code chapters 11A and 11B and the Americans with Disabilities Act, Title II. In addition, developments shall adhere to either the Uniform Federal Accessibility Standards (UFAS), 24 CFR Part 8, or the U.S. Department of Housing and Urban Development's (HUD) modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 FR 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Part 8.26.

Grantees shall adopt a written non-discrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), justice system involvement (except where explicitly required by law), or arbitrary characteristics, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this RFA. Nor shall all other

classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this RFA.

Grantees shall comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code Section 11135, Section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

3.9. STATE & FEDERAL PREVAILING WAGE

A project funded by a BHCIP or CCE grant is a “public work” if the applicant intends to use the BHCIP and/or CCE funds for the “[c]onstruction, alteration, demolition, installation, or repair” of a building or structure (Cal. Lab. Code section 1720(a); Cal. Lab. Code section 1750(b)(1)). Applicants using BHCIP and/or CCE grants to fund public works are subject to California’s prevailing wage and working hours laws (Division 2, Part 7, Chapter 1 of the California Labor Code) and the applicant’s project is subject to compliance monitoring and enforcement by the Department of Industrial Relations (Cal. Lab. Code section 1771.4(a)(1)).

If DHCS or CDSS selects an applicant to receive a BHCIP and/or CCE grant and the applicant is using the grant to fund a public work, then the applicant shall submit a Certification of Compliance to the awarding department (i.e., DHCS or CDSS) certifying that the applicant shall comply with California’s prevailing wage and working hours laws (including posting job notices, as required by Labor Code section 1771(a)(2)) and all applicable federal prevailing wage laws. The Certification of Compliance shall also state that the applicant shall maintain its labor records in compliance with all applicable state and federal laws (Cal. Lab. Code section 1776), and shall make all labor records available to the Department of Industrial Relations, and any other applicable enforcement agencies upon request (Cal. Lab. Code section 1771.4(a)(3)). The Certification of Compliance shall be signed by the general contractor(s) and the applicant.

If DHCS or CDSS selects an applicant to receive a BHCIP and/or CCE grant and the applicant is not using the grant to fund a public work, then the applicant shall submit a Certification of Inapplicability to the awarding department (i.e., DHCS or CDSS) explaining why the project is not a public work as defined by California Labor Code section 1720. The Certification of Inapplicability shall be signed by the general contractor(s) and the applicant.

An applicant shall not receive the BHCIP and/or CCE funds from the awarding department (i.e., DHCS or CDSS) until the awarding department has received and approved the applicant’s Certification of Inapplicability or Certification of Compliance.

3.10. EXEMPTIONS

In accordance with California Welfare and Institutions Code sections 5960.3 and 18997.97(l), projects funded by a BHCIP or a CCE grant are

1. Deemed to be consistent with and in conformity with any applicable local plan, standard, or requirement;
2. Deemed to be allowed as a permitted use within the zone in which the structure is located; and
3. Not subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals.

3.11. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) EXEMPTION (BHCIP ONLY)

CEQA shall not apply to a project funded by BHCIP if that project meets the requirements outlined in California Welfare and Institutions Code section 5960.3(b). Applicants shall determine if they meet the requirements outlined in section 5960.3(b) to qualify for the exemption from CEQA. And, in accordance with section 5960.3(c), if an applicant determines that it qualifies for the exemption from CEQA, then the applicant shall file a Notice of Exemption with the Office of Planning and Research and the clerk of the county in which the project is located in the manner specified in subdivisions (b) and (c) of section 21152 of the Public Resources Code, and the applicant shall provide DHCS with a copy of the filed Notice of Exemption. If the applicant determines that CEQA applies to its project, the applicant shall provide DHCS with copies of all appropriate documentation demonstrating the project's compliance with CEQA once the applicant has received project approval.

DHCS is not responsible for determining if applicants meet the CEQA exemption requirements set forth in section 5960.3(b). Furthermore, DHCS is not responsible for filing a section 5960.3(c) notice of exemption on behalf of an applicant.

3.12. LOW-RENT HOUSING PROJECT EXEMPTION

In accordance with California Welfare and Institutions Code sections 5960.35(b)(1) and 18999.98, a project funded with a BHCIP or a CCE grant shall not be considered a "low-rent housing project," as defined in Section 1 of Article XXXIV of the California Constitution, if the project meets any one of the following criteria:

1. The project is privately owned housing, receiving no ad valorem property tax exemption, other than exemptions granted pursuant to subdivision (f) or (g) of Section 214 of the Revenue and Taxation Code, not fully reimbursed to all taxing entities, and not more than 49 percent of the dwellings, apartments, or other living accommodations of the project may be occupied by persons of low income;
2. The project is privately owned housing, is not exempt from ad valorem taxation by reason of any public ownership, and is not financed with direct long-term financing from a public body;
3. The project is intended for owner-occupancy, which may include a limited-equity housing cooperative as defined in Section 50076.5 of the Health and Safety Code, or cooperative or condominium ownership, rather than for rental-occupancy;

4. The project consists of newly constructed, privately owned, one-to-four-family dwellings not located on adjoining sites;
5. The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units;
6. The project consists of the rehabilitation, reconstruction, improvement or addition to, or replacement of, dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower-income households, as defined in Section 50079.5 of the Health and Safety Code; or
7. The project consists of the acquisition, rehabilitation, reconstruction, improvement, or any combination thereof, of a project which, prior to the date of the transaction to acquire, rehabilitate, reconstruct, improve, or any combination thereof, was subject to a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households and maintains, or enters into, a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households.

If a project funded with a BHCIP or CCE grant is a “low-income housing project” as defined by Section 1 of Article XXXIV of the California Constitution but does not meet any of the criteria listed above, then the applicant shall comply with the requirements set forth in that section of the California Constitution.

Part Four: Program Operations

4.1. PROGRAM OVERSIGHT AND REPORTING

As specified by DHCS or CDSS and upon request, grantees shall provide progress reports in connection with the approved timeline, statement of work (SOW), and budget and any updates to the timeline for completion of the project. The progress reports should include the project’s completion milestones and any updates or substantial changes. Grantees shall promptly notify DHCS or CDSS of any changes in grantee organization, authorization, or capacity. This information will be outlined in the Standard Agreement.

Grantees are required to meet BHCIP Launch Ready, CCE program, and other state and federal reporting, financial, and administrative requirements, as well as submit required reporting data through an online grantee data portal. Reporting requirements will include quarterly reports and a final report, along with an annual BHCIP Launch Ready or CCE Program and Expenditure Report for 5 years following Standard Agreement execution. The annual report will be due no later than January 31 for the prior calendar year of January 1 to December 31. The reports and data entered in the grantee data portal shall be in such form and contain such information as required by DHCS or CDSS, as appropriate, in its sole and absolute discretion. Funding will be contingent upon provision of submission of data and reporting. These requirements will be fully detailed upon award.

In addition to the foregoing, each grantee shall submit to DHCS or CDSS such periodic reports, updates, and information as deemed necessary by DHCS or CDSS to monitor compliance and/or

perform program evaluation. Any requested data or information shall be submitted in electronic format in a format provided by DHCS or CDSS.

Additional reporting requirements may be required by DHCS and CDSS for up to 30 years after completion of project construction.

4.2. DISBURSEMENT OF GRANT FUNDS

The Standard Agreement will set forth the general conditions for disbursement. Once the Standard Agreement between the applicant and Horne is fully executed, an initial payment will be issued directly to the applicant to begin development activities. Subsequent funding will be released following the verified completion of project milestones and deliverables and the submission of required documentation and reports. More details regarding the funding and disbursement process will be provided upon award.

Grantees will be responsible for submitting invoices and ensuring expenses are allowable and have sufficient backup documentation. Grantees shall ensure that the expenditure of BHCIP Launch Ready or CCE program funds is consistent with the requirements of the relevant program.

The BHCIP Launch Ready and CCE program teams will monitor the expenditures to ensure they comply with this RFA and may conduct desk or site audits. The teams may also request the repayment of funds or pursue any other remedies available, at law or in equity, for failure to comply with program requirements.

Part Five: Attachments

Attachment A: Application

Form 1: Budget template

Form 2: Budget narrative and definition of terms

Form 3: Schematic design checklist

Form 4: Design/acquisition/construction milestone schedule

Form 5: Development team description/contact form

Form 6: Community engagement form

Form 7: Applicant's certification

Attachment B: Pre-Application Consultation Process



_____, 2023

[ENTITY]

Attn: [NAME]

[ADDRESS]

[ADDRESS]

Project: [PROJECT NAME]

Dear [NAME]:

Re: Community Care Expansion (CCE) Program Grant - Award Notification

Congratulations! The California Department of Social Services (CDSS) is pleased to announce that [ENTITY] has been selected to receive a Community Care Expansion (CCE) Capital Expansion grant award based on the application package you submitted for the project named above. Based on the expected funding to support this award, we reserved up to \$XX,XXX,XXX for your project.

Important details related to this award notification will be coming soon from Horne LLP (Horne), the CCE administrative entity. Horne will send an email outlining next steps related to validating your project budget and confirmation of various aspects of your application, including the number of beds and/or units that will be expanded. This email may contain request(s) for required documentation, as applicable to your project. Please review this information carefully.

Horne will also schedule a project-specific meeting to review your plans and project timeline. Horne will provide technical assistance on completion of any required documentation. Please note that the information submitted in your application package will serve as the basis of the scope of work, payment schedule, and project timeline to be included in your standard agreement with Horne. You will receive both a standard agreement and a special conditions agreement from Horne following this project-specific meeting. Those documents will outline expectations and responsibilities related to acceptance of the award. The CCE Capital Expansion grant award is not final until a contract has been fully executed, which occurs when the contract is signed by authorized representatives for both [ENTITY] and Horne. Prior to that time, CDSS and Horne have the right to conduct additional due diligence to ensure that you can fulfill all programmatic and fiscal requirements and negotiate final contract terms. Any costs incurred outside the performance period of a fully executed contract may not be reimbursed.

Thank you for the time and effort you put into the application process, as well as your commitment to helping improve residential care settings to serve seniors and adults with disabilities in your community. CDSS values our partnership and looks forward to working with you. If you have any questions, please contact the Horne team at support@CCEprogram.com.

ATTACHMENT N

AWARD LETTER
N-1



Sincerely,

Julie McQuitty
Chief, Program Policy and Quality Assurance Branch
Housing and Homelessness Division
California Department of Social Services

ATTACHMENT N

4139-1731-0280.5

AWARD LETTER
N-2

Western Placer Unified School District v. The Gathering Inn, et al.
**Petition for Writ of Mandate/Complaint for Declaratory and Injunctive
Relief, Restitution, and Damages**

Exhibit D



COMMUNITY CARE EXPANSION PROGRAM PORTAL

1. Information

CCE Application ID

CCE-1767623224

2. Primary Applicant Information

This section is for information about the City, County, Agency, Tribal Entity, or Organization applying for funding.

Name of Entity *

32 - The Gathering Inn

Applicant Tax ID

841657746

Unique Entity Id # (Formerly DUNS)

189981918

DUNS has transitioned to UEI as of April -- if you do not have an assigned UEI # and have applied, please note that this number will be required later in the process.

3. Entity Contact Information

Street Address

4020 Sierra College Blvd.

City

Rocklin

State

CA

County

Placer

Zip

95677

Email Address

rtellier@thegatheringinn.com

Telephone

(916) 662-5352

Website

thegatheringinn.com



Is mailing address same as physical address?

Mailing Address 1 *

4020 Sierra College Blvd.

Mailing Address 2

Suite 100

City *

Rocklin

State

CA

County

Placer

Zip *

95677

4. Authorized Representative

First Name *

Keith

Last Name *

Diederich

Title *

President & CEO

Email Address *

keith@thegatheringinn.com

Telephone *

(916) 945-1242

5. Project Director



Is this person the same as the Authorized Representative listed above?

First Name *

Rolande

Last Name *

Tellier

Project Director Agency or Tribal Entity Name *

The Gathering Inn

Email Address *

rtellier@thegatheringinn.com

Telephone *

(916) 662-5351

6. Applicant's Certification

Please note that this document was previously required but is no longer required. If you had already uploaded it, you will see it listed in the file table below.

File	Description	Updated On
CCE-1767623224_TGI Medical Respite Expansion_Applicants Certification.pdf		2 Aug 2023 09:21 AM

1 to 1 of 1 items

6.1. What type of Entity is the Primary Applicant? *

- ☐ County
- ☐ City
- ☐ Tribal Entity
- ☒ Nonprofit Corporation
- ☐ For-Profit Corporation
- ☐ Individual or Other Private Organization

6.2. Document Upload: Articles of Incorporation

Please label all files for upload as follows: Applicant ID_Document Title.

Do not upload a password protected file.

File	Description	Updated On
TGI Medical Respite Expansion_Documents of Incorporation.pdf		2 Aug 2023 09:20 AM
TGI Medical Respite Expansion_Tax Exempt Status.pdf		2 Aug 2023 09:28 AM

1 to 2 of 2 items

6.3. Is there a co-applicant? *

- ☐ Yes
- ☒ No

7. Are you also applying for BHCIP funding?

- ☐ Yes, I have already applied for BHCIP Launch Ready Funding
- ☐ Yes, I plan on applying for BHCIP Round 4: Children and Youth
- ☒ No

8. Describe the applicant's or developer's experience relevant to acquiring and/or rehabilitating/constructing and operating the project.

Limit 1500 words

Since 1999, TGI has acquired 7 residential homes and their main campus which includes a day service/navigation center, all operations, mental health services, medical and dental services, a clothing/donation closet, and case management. The main campus was rehabilitated in 2020 along with 3 of the permanent supportive housing residential homes. TGI has operated a medical respite program since 2009, with an original capacity of 5 guests. In 2022, with minimal alterations to the site and revised scheduling, we were able to increase to our current capacity of 10 guests. We are not working with a developer as we are acquiring an existing assisted living facility.

9. Does the applicant have a development team in place?

- ☐ Yes ☒ No

10. Complete the following table for the development team.

	Name	Website	Email	Phone	Address
Principal Applicant	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Legal	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Construction Manager	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Development Management Firm	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Owner's Representative	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Architect	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Civil Engineer	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
General Contractor	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Specialty Consultant	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

10.1. A copy of all executed contracts for hire related to your project's development team (lawyer, construction manager, development manager, architect, consultants, contractor, etc.)

Document Upload: Contracts With Development Teams

Please label all files for upload as follows: Applicant ID_Document Title.

Do not upload a password protected file.

File 	Description 	Updated On 
<div></div>		

File ↕	Description ↕	Updated On ↕
TGI Medical Respite Expansion_Preliminary Site Plans, Design Drawings, or Construction Drawings#2.docx		2 Aug 2023 03:10 PM
TGI Medical Respite Expansion_Preliminary Site Plans, Design Drawings, or Construction Drawings.pdf		2 Aug 2023 09:24 AM

1 to 2 of 2 items

10.2. Resumes of the development team that developed the design/construction plans

Document Upload: Development Team Resumes

Please label all files for upload as follows: Applicant ID_Document Title.

Do not upload a password protected file.

File ↕	Description ↕	Updated On ↕
TGI Medical Respite Expansion_Development Team Description-Contact Form.pdf		2 Aug 2023 01:06 PM
TGI Medical Respite Expansion_Development Team Resumes#2.pdf		2 Aug 2023 03:11 PM
TGI Medical Respite Expansion_Development Team Resumes.pdf		2 Aug 2023 09:24 AM

1 to 3 of 3 items

10.3. Document Upload: Operating Agreement

Please label all files for upload as follows: Applicant ID_Document Title.

Do not upload a password protected file.

File ↕	Description ↕	Updated On ↕
TGI Medical Respite Expansion_Authorization for Signatures.pdf		2 Aug 2023 03:15 PM
TGI Medical Respite Expansion_Bylaws of TGI.pdf		2 Aug 2023 03:16 PM
TGI Medical Respite Expansion_LOS-Anthem Blue Cross.pdf		2 Aug 2023 09:27 AM
TGI Medical Respite Expansion_LOS-CA Health & Wellness.pdf		2 Aug 2023 09:27 AM
TGI Medical Respite Expansion_LOS-Sutter Health.pdf		2 Aug 2023 09:27 AM
TGI Medical Respite Expansion_Project Information.pdf		2 Aug 2023 03:15 PM

1 to 6 of 6 items

11. Which type of funding source are you applying for?

See section 3.5 of the Joint [Joint RFA](#) to learn more. *

- ☒ Capital Expansion "Full CCE"
- ☐ Pre-Development Funds Only

12. What type of Project are you applying for?

- ☐ Rehabilitation only
- ☐ Rehabilitation including acquisition
- ☐ New construction only
- ☐ New construction including acquisition
- ☒ Acquisition only

13. Project Title and Location

Project Title *

TGI Medical Respite Expansion

Parcel/APN#

021321040000

Sponsor ID *

.234

Street Address 1 *

1660 Third St.

Street Address 2

City *

Lincoln

State

CA

County *

Placer

Zip *

95647

Point of Contact *

Rolande Tellier

Contact Email *

rtellier@thegatheringinn.com

Contact Phone *

(916) 662-5351

14. Describe the planned facility, including the types of services that will be offered. (Limit 2000 words.)

The proposed site is a Senior Housing (Assisted Living/Memory Care) property totaling 39,504 square feet located on a 2.10-acre site at 1660 3rd Street in Lincoln, California. The current units are comprised of 34 assisted living beds and 19 memory care beds, offering an average of 300 square feet per bed. The property is zoned as Business Professional (BP).

Similar to our current medical respite program, this program will incorporate a low barrier, trauma informed approach to care and will be inclusive of all individuals regardless of race, ethnicity, gender, or sexual orientation. 25 of the assisted living units will be converted to double-occupancy medical respite (150 square feet per bed with a privacy partition), and 9 single-occupancy.

The proposed facility will serve 480 medical respite guests annually and will offer the following:

- A low-barrier facility - we treat those who use drugs with dignity and respect, meeting them where they are and reinforcing positive change by reducing the stigma associated with recreational or problematic drug use
- 60 beds – 10 single-occupancy rooms, 25 double-occupancy rooms
- 3 meals a day including options for guests with dietary restrictions
- On site showering and laundering facilities to promote proper hygiene
- Access to computers, internet, and phones
- Access to clothing, shoes, and personal hygiene items
- Clean linens upon admission and during stay
- A nurse call-line for non-emergency medical inquiries when clinical staff is not on site
- Clinical staff support
- Onsite drug and alcohol classes - TGI's substance use disorder specialist will work directly with

guests to develop a plan for recovery in a harm-reduction environment

- Onsite life skills classes
- Case management support 40 hours a week to connect guest with other agency benefits
- Onsite mental health services. TGI's mental wellness program provides guests with individualized care and treatment options to break the cycle of homelessness
- Transportation
- Job Placement
- Discharge Planning
- 24-hour staff support
- Social events, games, and activities - guests enjoy community events that bolster physical and mental wellness
- Access to TGI's Mobile Dental Clinic
- Access to TGI's Housing Specialist

In addition, the current facility's memory care unit will be redefined as assisted living to accommodate very low income seniors diverted from nursing facility care. This unit will serve up to 38 individuals in double-occupancy rooms. Priority will be given to individuals who need a higher level of care than can be provided at TGI's emergency shelter or longer stay required after medical respite, but not high enough to qualify for skilled nursing. Most of the services listed above will apply to assisted living guests and will also include assistance with activities of daily living as needed and per assessment.

15. Budget Template: Pre-Development and Feasibility Funding

All applicants must upload the [Full CCE Budget template](#). If you require assistance completing this budget form, or any of the other forms or attachments for this application, please email Support@cceprogram.com.

Only excel files will be accepted.

For a 508 compliant version of this template, contact Support@cceprogram.com.

File ⇅	Description ⇅	Updated On ⇅
The Gathering Inn Full_CCE_Budget 2023-1112.xlsx	Updated budget 11/1/2023	1 Nov 2023 12:22 PM
The_Gathering_Inn_Full_CCE_Budget_2022-0601.xlsx		1 Nov 2023 09:22 AM

1 to 2 of 2 items

16. Please identify the source(s) and amount of cash and/or in-kind contributions —such as land or existing structures— that fulfill the match requirement. Services are not allowed as match. (See [Joint RFA Section 3.3.](#)) Please check the box(es) that apply to the current application request and include the funding amount requested for each phase: *

		Total Funding Amount Requested	Total Match Funds Being Used	Source
<input type="checkbox"/>	Feasibility			
<input type="checkbox"/>	Pre-Development			
<input type="checkbox"/>	Development Planning			
<input checked="" type="checkbox"/>	Acquisition (including Land)	\$4,926,600.00	\$441,000.00	Sutter Health, cash reserves
<input checked="" type="checkbox"/>	Rehabilitation of Existing Facility for Expansion	\$302,400.00	\$10,000.00	Sutter Health, cash reserves
<input type="checkbox"/>	New Construction			
<input type="checkbox"/>	Construction Permits & Fees			
<input checked="" type="checkbox"/>	COSR	\$1,100,000.00	\$0.00	Note: GA confirming COSR should not be included in calculation for match requirement.
<input checked="" type="checkbox"/>	Other Project Costs	\$55,000.00	\$80,000.00	Sutter Health, cash reserves
		TOTAL \$ 6,384,000.00	TOTAL \$ 531,000.00	

Total Project Cost

\$ 6,915,000.00

Match % of Project Cost

7 %

17. Which of the following best describes the project's construction type?

Construction Type *

Acquisition of existing facility/building, ready for turnkey operations (no renovation needed)



18. Will the applicant need to purchase land for the proposed project?

☐ Yes ☒ No

Enter values for square footage as numbers only: e.g., 1,354 sq ft should be entered as 1354. Square footage should be for the project scope only.

Total Project Square Footage *

39504

19. Please check the box(es) that apply to the current application request and include the funding amount requested for each phase:

These options are limited based on the response to the question above.

Only whole numbers are allowed (no decimals). Numbers should be the same values in the corresponding sections on the required Budget Template document. The totals and match percentage will be automatically calculated.

See Sections 3.4 and 3.5 of the [Joint RFA](#) for additional information. *

<input type="checkbox"/> Peer Respite	
<input type="checkbox"/> Recovery Residence/sober living homes	
<input type="checkbox"/> Adult residential facilities (ARFs)	
<input type="checkbox"/> Residential Care facilities for the elderly (RCFEs)	
<input type="checkbox"/> Permanent Supportive Housing that serves the needs of seniors and adults with disabilities (including models that provide site-based care, such as Program for All Inclusive Care for the Elderly [PACE] and the Assisted Living Waiver programs)	
<input checked="" type="checkbox"/> Other residential care settings that serve the target population, including recuperative care sites	6,400,000

Total

\$ 6,400,000

If 'Other' was selected, please explain below.

Medical respite for individuals experiencing homelessness

20. Does the applicant have evidence of site control? Site control must include one of the following: *

- ☐ Clear title with no encumbrances or limitations that would preclude the proposed use (fee title)
- ☐ An existing long-term lease with provisions to make improvements on the property
- ☐ A leasehold estate held by a tribal entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs BHCIP/CCE Joint RFA Application 9
- ☐ A fully executed option to purchase, sales contract, or other enforceable agreement to acquire the property
- ☒ A Letter of Intent (LOI) that outlines the terms of a sale or lease contract, providing that a fully executed option will be completed within 60 days
- ☐ A fully executed option to lease, or similar binding commitment from the property owner to agree to a long-term lease
- ☐ No

21. Document Upload: Site Control Documents

Please label all files for upload as follows: Applicant ID_Document Title.

Do not upload a password protected file.

File	Description	Updated On
TGI Medical Respite Expansion_PTC and MLHC Info.pdf		2 Aug 2023 09:28 AM
TGI Medical Respite Expansion_Site Readiness.pdf		2 Aug 2023 03:02 PM

1 to 2 of 2 items

21.1. If the applicant does not have evidence of site control, please describe the plan and timeline for obtaining site control, and provide supporting evidence and a memorandum of understanding (MOU) or partnership agreement between site owner/applicant.

(Limit 2000 words)

22. Document Upload: Plan to Obtain Site Control

Please label all files for upload as follows: Applicant ID_Document Title.

Do not upload a password protected file.

File	Description	Updated On
------	-------------	------------

No items to show...

23. Please provide a detailed narrative description of the proposed project’s construction and design, including how the design will serve the target population(s).

Please describe any preliminary site plans, design drawings, and/or construction plans for the proposed project. This may include cost estimates with valid budgetary numbers from an architect, engineer, or licensed general contractor. If no construction plan is yet in place, please submit a valid Rough Order of Magnitude (ROM) cost estimate from an architect, engineer, or licensed general contractor.

Please include a description of site amenities (examples: community and common areas, laundry, gated access, security, recreational areas, pool, community garden, etc.) and sustainable and green building elements.

Please describe any site mitigation requirements and complex or costly structural or site/topographical requirements. The narrative should also include an explanation of any required demolition and off-site improvements, as well as a detailed construction breakdown of these expenses.

(Limit 2000 words)

The property is an existing residential care for the elderly facility that is separated into assisted living and memory care. There is minimal renovation work required to begin operation. The assisted living side of the property will be converted to a medical respite providing 25 double-occupancy rooms (with privacy partitions) and 9 single occupancy rooms to accommodate a total of 59 guests when at capacity. The memory care side

e will be converted to an RCFE that will accommodate 38 guests in 19 double-occupancy rooms for very low-income seniors eligible for nursing home diversion to assisted living. Each room has its own bathroom with toilet, sink and shower which are ADA compliant and wheelchair accessible.

Site amenities include a commercial kitchen and a staff-managed laundry facility. A community dining and living room area is accessible to all guests 24 hours/day. An outdoor recreation and BBQ area will also serve as a designated smoking area. Ample parking on site is available. The site includes a private medical examination room and locked medication closet. Security cameras will be installed around the exterior of the home as well as in interior common areas and hallways.

Administrative offices for the program director and case managers are included in the design.

No mitigation, demolition or off-site improvements are required.

24. Please upload the following documents:

24.1. Completed Schematic Design Checklist

Document Upload: Schematic Design Checklist

Please label all files for upload as follows: Applicant ID_Document Title.

Do not upload a password protected file.

[Form-3_Schematic-Design-Checklist](#)
[SCHEMATIC-DESIGN-CHECKLIST \(Excel\)](#)

File	Description	Updated On
Form_3_Schematic_Design_Checklist_TGI_061522.xlsx		1 Nov 2023 09:23 AM

1 to 1 of 1 items

24.2. Any preliminary site plans, design drawings, or construction drawings for the proposed project— these may include schematic designs, architectural drawings, construction blueprints, and/or other renderings (please limit each file size to less than 20 MB)

Document Upload: Preliminary Site Plans, Design Drawings, or Construction Drawings

Please label all files for upload as follows: Applicant ID_Document Title.

Do not upload a password protected file.

File	Description	Updated On
TGI Medical Respite Expansion_Preliminary Site Plans, Design Drawings, or Construction Drawings#2.docx		12 Oct 2023 05:10 PM
TGI Medical Respite Expansion_Preliminary Site Plans, Design Drawings, or Construction Drawings.pdf		12 Oct 2023 05:00 PM

1 to 2 of 2 items

24.3. Please fill out and upload the schedule for design, acquisition of the property, and/or development or rehabilitation. Design, acquisition, or development/rehabilitation should begin within 6 months of funding award, subject to achieving necessary permits and approvals.




Document Upload: Form 4: Design, Acquisition, and Construction Milestone Schedule

Please label all files for upload as follows: Applicant ID_Document Title.

Do not upload a password protected file.

[Template: Design, Acquisition, and Construction Milestone Schedule](#)
[Template \(excel format\): Design, Acquisition, and Construction Milestone Schedule](#)

File	Description	Updated On

File 	Description 	Updated On 
TGI - Milestones.pdf	Revised milestones 11/1/23	1 Nov 2023 12:32 PM
TGI Medical Respite Expansion_Design, Acquisition, and Construction Milestone Schedule.pdf		2 Aug 2023 09:26 AM

1 to 2 of 2 items

25. Does the applicant have all needed local, regional, and state approvals, will-serve letters, and building permits? *

☐ Yes ☒ No

26. List all approvals and permits that will be required to complete the project, and describe your strategy for obtaining them.

(Limit 2000 words)

TGI will apply to the Department of Social Services for RCFE licensure for the operation of the 38-bed assisted living facility. At this time, no building permits are anticipated.

27. Does the applicant have documentation of all required behavioral health facilities and services certifications/licenses, including those required by the appropriate state department? *

☐ Yes ☒ No

If the project can't be licensed/certified by the state or at the local level until it is completed, please list the relevant licensing/certification timelines and requirements. (Limit 500 words.) Please note: As part of the technical assistance that will be made available, applicants will be guided through the licensure and certification process to prepare them for the possibility of being successfully licensed or certified. *

(Limit 500 words)

Medical respite facilities are not licensed, so there is no documentation is required.

If you do not have one or more of the requested documents available, please share your timeline for completing them in the box below. Otherwise, enter "NA"

(Limit 2000 words)

n/a

28. Does your project support efforts to ensure care can be provided in most appropriate and least restrictive settings to support community integration, choice, and autonomy and/or reduce homelessness?

☒ Yes

☐ No

Please describe:
(Limit 1500 words)

Yes, TGI's proposed medical respite expansion is provided in a low barrier, congregate living setting with semi-private rooms in a suburban neighborhood. Each room will accommodate two guests and each has its own accessible/ADA compliant restroom. For guests that do not have a personal vehicle onsite, public transportation is within 0.2 miles and TGI's van is available to assist guests with keeping appointments. These transportation options will assure guests have access to medical appointments as well as the numerous nearby services and shopping. Guests are free to come and go during the day and are encouraged to seek employment.

Within 5 miles of the property are Kaiser Lincoln Medical Offices, Sutter Medical Plaza Lincoln and UC David Medical Group Rocklin. Less than 2 miles away are Target and Walmart Neighborhood Market; Quest Diagnostics is .3 mile away, and there is a public transportation bus stop located directly across the street.

29. Identify each of the States Priorities your project is targeting (RFA Section 1.2), and describe how the project will meet these priorities. *

State Priorities	Is your project targeting this priority?	If yes, please describe how your project will meet this state priority:
Invest in behavioral health and community care options that advance racial equity	<div><input type="radio"/> Yes</div> <div><input checked="" type="radio"/> No</div>	NA
Seek geographic equity of behavioral health and community care options	<div><input checked="" type="radio"/> Yes</div> <div><input type="radio"/> No</div>	The Gathering Inn (TGI) is the only agency in Placer County operating a medical respite program for people experiencing homelessness. The current medical respite program is located in Mid-Placer County, and the proposed expansion will be located in South Placer County.
Address urgent gaps in the care continuum for people with behavioral health conditions, including seniors, adults with disabilities, and children and youth	<div><input type="radio"/> Yes</div> <div><input checked="" type="radio"/> No</div>	NA
Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization	<div><input checked="" type="radio"/> Yes</div> <div><input type="radio"/> No</div>	Guests in the medical respite program are offered support to transition into various programs including supportive housing, rapid rehousing, transitional housing, and Project Homekey to prevent return to places not meant for habitation.

State Priorities	Is your project targeting this priority?	If yes, please describe how your project will meet this state priority:
Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing homelessness and justice involvement	<input checked="" type="radio"/> Yes <input type="radio"/> No	<p>Guests are assigned a case manager to assist with establishing a case plan, connecting with a primary care doctor, keeping follow up medical appointments, and identifying opportunities for housing. Without proper support to keep follow up appointments, manage prescriptions, and ensure proper nutrition during recuperation, it is extremely likely that the individual will return to the emergency room or be re-admitted very soon after discharge.</p>
Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy	<input checked="" type="radio"/> Yes <input type="radio"/> No	<p>TGI's medical respite is provided in a low barrier, home-like setting in a suburban neighborhood. For guest that do not have a personal vehicle onsite, public transportation is within 0.2 miles and TGI's van is available to assist guest. These transportation options will assure guest have access to medical appointments as well as the numerous nearby services and shopping. Guests are free to come and go during the day, are encouraged to seek employment.</p>
Leverage county and Medi-Cal investments to support ongoing sustainability	<input checked="" type="radio"/> Yes <input type="radio"/> No	<p>TGI has been approved by both managed care plans in the county to provide community supports, including medical respite, under the Cal-AIM initiatives.</p>
Leverage the historic state investments in housing and homelessness	<input checked="" type="radio"/> Yes <input type="radio"/> No	<p>TGI currently administers rapid rehousing funds and works closely with landlords and housing authorities to identify housing opportunities, and the existing medical respite program has the support of the major hospital systems in the county (Sutter Auburn Faith, Sutter Roseville, and Kaiser).</p>

30. Describe how the proposed project will expand community capacity for serving the target populations and address urgent gaps in the care continuum.

Under CCE, the target population includes seniors and adults with disabilities who require long-term care supports, giving priority to applicants and recipients of Supplemental Security Income/State Supplementary Payment (SSI/SSP) and/or Cash Assistance Program for Immigrants (CAPI) benefits who are at risk of or experiencing homelessness.

Please include data that demonstrates the project's need. This may include, for example, a county needs assessment, a facility wait list, the number of comparable facilities in the area, or other quantifiable documentation.

(Limit 2000 words)

TGI has been operating a Medical Respite Program (MRP) in Placer County in partnership with Sutter Health and Kaiser since 2009. At its beginning, the program provided a limited number of services aimed at improving health and housing outcomes of the homeless. These services included shelter, food, and basic needs, managed under the supervision of peer support and part-time staff. In the first year of operation, the program served 22 individuals.

The program has continuously evolved, adding services and broadening goals. These additions have been based on 2 reliable sources: Sutter's Community Health Needs Assessment (CHNA) and Placer County's Continuum of Care Gaps Analysis. Below is a set of identified needs universal to these reports:

- Access to Mental/Behavioral/Substance Abuse Services
- Access to Quality Primary Care Health Services
- Access to Basic Needs Such as Housing, Jobs, and Food
- Injury and Disease Prevention and Management
- Access to Specialty and Extended Care
- Active Living and Healthy Eating Resources

Today, TGI's MRP provides 24-hour staff who are trained to support individuals suffering from severe mental illness (SMI) and substance use disorder (SUD). In addition to round the clock staffing, the program employs a full-time program director and case manager. Case management provides a range of services which include linkage to primary and specialty care physicians, home health agencies, mental health providers, substance abuse programs, income assistance, employment, housing, transportation, and more.

In 2021:

- 55 individuals received services in the program
- 1280 bed nights were provided
- 985 case management service transactions took place
- 140 rides were provided
- 3900 meals were provided
- 90% of participants who entered the program without a primary care provider, left having established a medical home
- 65% of guests who completed the program were discharged to either permanent, transitional, or shelter housing
- Less than 1 percent of guests returned to the hospital

Near the close of 2021, the program increased its capacity from 5 to 10 beds and now has the capacity to serve 100 individuals annually. Yet, even with this increase in capacity, we still turn away 200 people a year that need medical respite.

In 2017, Placer County through the Whole Person Care Pilot Program, recognized the lack of medical respite care for homeless persons in the region and partnered with TGI to open a second facility. However, the county chose to discontinue the program after the pilot period. Today, TGI is the sole provider of medical respite services in the county.

Each year, our MRC program receives 300 referrals from contributing hospitals. Unfortunately, the lack of capacity forces us to turn away two-thirds of them!

In 2022, TGI became an approved Community Supports provider under CalAIM and is contracted with both managed care plans in Placer County and will soon be receiving referrals from non-hospital sources. TGI is seeking funding to renovate an existing assisted living facility to accommodate 60 medical respite beds, which will have the capacity to serve 480 individuals annually expanding the community's capacity for Medical Respite Services by 300%.

In January, 2023 TGI received funding through the PATH-CITED initiative which will allow for increased training for our staff in de-escalation, trauma informed care, bloodborne pathogen exposure, CPR and first aid, and will provide for five staff to complete Substance Use Disorder coursework and apply for the Certified Drug and Alcohol Counselor certification.

Because the proposed location has a separate memory care wing, TGI is proposing to further expand our services to include nursing home diversion to assisted living for SSI/SSDI recipients and those experiencing homelessness. There is a significant service gap for this type of care, and we are proposing 38 total beds under this program (19 double-occupancy rooms). TGI is in the process of applying for RCFE licensure for these 38 beds.

31. Does the proposed project commit to serving applicants and recipients of SSI/SSP or CAPI benefits?

☒ Yes ☐ No

31.1. Of the population that will be served by your project, what is the projected percentage of SSI/SSP or CAPI applicants or recipients? Provide current (if applicable) and projected percentages:

	Current percentages	Projected future percentages
SSI/SSP *	50 %	70 %
CAPI *	0 %	1 %

32. Describe how the project will address inequities for the target population(s) and meet the needs of individuals from diverse backgrounds. Examples of types of diversity include race, religion, country of origin, language, disabilities, culture, economic background, gender, sex, and behavioral health. The description should include supporting evidence of the strategies' effectiveness, if available.

(Limit 2000 words)

The demographics of the population we serve is consistent with the population of Placer County:
The Gathering Inn 2022 Placer County
White 80% 79%
Black 6% 2%
American Indian 4% 1%
Asian 1% 8%
Native Hawaiian 1% 1%
Multiple Races 8% 6%
Hispanic 15% 15%
Chronically homeless: 39%
Veterans: 8%
Serious Mental Illness: 57%
Substance Abuse Disorder: 43%
Currently fleeing domestic violence, sexual assault, dating violence or stalking situation: 12%
19% Who have lived in foster care or group homes

33. For the racial and ethnic populations that will be served, provide your best estimate of the percentage of the total people of each population. (Percentages must add up to 100%. Enter "0" if the population will not be served.) *

	Percent
African American/Black: %	6 %
Asian American/Pacific Islander: %	2 %
Latino/Hispanic: %	0 %
Non-Hispanic/Latino: %	0 %
Native American/Alaska Native: %	4 %
White: %	80 %
Mixed race: %	8 %
Other : %	0 %

(Limit 2000 words)

Non-Hispanic = 85%; Hispanic = 15%

34. How have you verified that your projected percentages reflect the community you plan to serve, and how will you measure successful utilization? Please include any data sources used for comparison.

(Limit 2000 words)

Our programs require proof of residency in Placer County to be eligible for services - residency can be confirmed by a government issued driver's license or identification card, enrollment in public benefits (Medi-Cal, Cal Fresh, etc), "official" mail (social security or government related documents) and involvement with Placer County probation or parole. Utilization will be measured by number of referrals received and demographic data for guests is captured in TGI's Homeless Management Information System (HMIS).

35. Do you have one or more letter(s) of support?

☒ Yes ☐ No

35.1. Document Upload: Letter(s) of Support

Please label all files for upload as follows: Applicant ID_Document Title.

Do not upload a password protected file.

File ⇅	Description ⇅	Updated On ⇅
TGI Letters of Support.pdf		29 Sep 2023 11:13 AM
TGI Medical Respite Expansion_LOS-Anthem Blue Cross.pdf		12 Oct 2023 05:01 PM
TGI Medical Respite Expansion_LOS-CA Health & Wellness.pdf		12 Oct 2023 05:01 PM

1 to 3 of 3 items

36. Original Submitter

Original submitted by * keith@thegatherir

Original submission date * 2022-07-28