

**CALIFORNIA DEPARTMENT OF SOCIAL SERVICES
COMMUNITY CARE EXPANSION PRESERVATION PROGRAM
OPERATING SUBSIDY PAYMENTS AGREEMENT**

THIS COMMUNITY CARE EXPANSION PRESERVATION PROGRAM made and entered into as of April 8, 2025 (the "Effective Date"), by and among the County of Santa Barbara, a political subdivision of the State of California ("Sponsor"), and Mental Health Association in Santa Barbara County, DBA Mental Wellness Center, a nonprofit public benefit corporation ("Recipient"). Sponsor and Recipient may be referred to separately as a "Party," or collectively as "Parties."

RECITALS

A. Horne LLP ("Horne") is the third-party administrator of the California Department of Social Services ("CDSS") Community Care Expansion (CCE) Preservation Program ("CCE Preservation Program").

B. Horne and Sponsor entered into that certain Program Funding Agreement, effective as of March 12, 2024 (the "Program Funding Agreement"), pursuant to which Horne will disburse CCE Preservation Program Funds to Sponsor for the purpose of the immediate preservation of licensed residential adult and senior care facilities that serve 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 Preservation Program.

C. Sponsor is authorized under the Program Funding Agreement to disburse CCE Preservation Program Funds to operators of licensed residential adult and senior care facilities who are eligible to participate in the CCE Preservation Program.

D. Sponsor has awarded Recipient funds for the preservation of Recipient's licensed residential adult and senior care facility ("Facility"), as described in MWC - Polly's House OSP Application Packet FULL, attached to the Agreement as Exhibit A-1 ("Project"); and in accordance with the terms of the Program Funding Agreement and the requirements of the CCE Preservation Program.

E. Recipient was awarded preservation Operating Subsidy Payment funds ("OSP") in an amount not to exceed One Hundred Thousand and 00/100 (\$100,000) (the "OSP Funds") for the purpose of funding certain operating expenses related to Project.

F. Sponsor, Recipient and Owner shall record against the real property, upon which the Project is located (the "Project Property"), within forty-five (45) days of execution of this Agreement, that certain 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 Preservation Program for a period of at least from April 8, 2025 through June 30, 2029, including the requirement that Recipient and Owner

give priority to serving Qualified Residents (defined below) who are currently experiencing homelessness, were formerly homeless or who are at risk of homelessness and as otherwise described in the Declaration of Restrictions.

G. Sponsor, Recipient, and [Guarantor] shall enter into that certain Performance Deed of Trust (“Performance Deed of Trust”) dated within forty-five (45) days of execution of this Agreement, guaranteeing the obligations of Recipient and Owner under this Agreement, including the operation of the Project in compliance with the terms of the CCE Preservation Program for a period of at least from April 8, 2025 through June 30, 2029, including the requirement that Recipient and Owner give priority to serving Qualified Residents (defined below) who are currently experiencing homelessness, were formerly homeless or who are at risk of homelessness, and as otherwise described in the Performance Deed of Trust.

AGREEMENT

NOW THEREFORE, based upon the foregoing Recitals, and in consideration of the terms, conditions and covenants hereinafter set forth, the Parties agree as follows:

1. CCE Fund Administration. Sponsor shall disburse CCE Preservation Funds to Recipient for the benefit of the Project according to the terms of this Agreement.
2. Term of Agreement.
 - a. This Agreement shall commence on the Effective Date and shall automatically expire on June 30, 2029 (the “**Expiration Date**”), unless earlier terminated upon the occurrence of any of the following, prior to the Expiration Date: (a) full expenditure by Recipient of all CCE Preservation Funds received pursuant to this agreement; (b) termination of this Agreement by Sponsor pursuant to Section 15(h) of this Agreement; (c) the date of termination of the Program Funding Agreement by Horne or Sponsor if such termination is prior to the Expiration Date of the Program Funding Agreement; (d) the date of expiration or early termination of the Declaration of Restrictions; or (e) the date of expiration or early termination of the Performance Deed of Trust. The period from the Effective Date through the Expiration Date shall be referred to herein as the “**Term**.”
 - b. Upon the termination of this Agreement, Recipient’s obligations under this Agreement shall cease except for any terms herein which explicitly survive such termination.
 - c. In the event that Horne or Sponsor terminates the Program Funding Agreement, any unexpended CCE Preservation Funds held by Recipient shall promptly be returned to Sponsor, and no further disbursement of CCE Preservation Funds shall be made by Sponsor to Recipient.

- d. Within thirty (30) days of the date of expiration or early termination of this Agreement, Recipient shall deliver to Horne any and all reports and documents required pursuant to Section 12(h) of this Agreement.
3. Initial Disbursement. An Initial Disbursement, as defined below, to Recipient shall be permitted by Sponsor once all conditions specified in Section 10 of this Agreement have been satisfied.
 4. Definitions.
 - a. “**Business Day**” means Monday through Friday excluding State of California (“**State**”) and federal holidays.
 - b. “**Certificate of Occupancy**” means a certificate, or equivalent, issued by a local building department to Recipient that indicates that the Project has met all local code requirements and is ready for occupancy.
 - c. “**Completion Date**” means the date the Notice of Completion, or equivalent, is recorded for rehabilitation projects.
 - d. Reserved
 - e. Reserved
 - f. “**State Fiscal Year**” (“**Fiscal Year**”) means the State’s twelve (12)-month fiscal year.
 - g. “**Gross Income**” shall mean with respect to a particular calendar year all revenue, income, receipts, and other considerations 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; 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 arising from a temporary or total taking of the Project in whole or in part. 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.
 - h. “**Initial Disbursement**” means the first (1st) advance of funds from the CCE Preservation Funds that may be released by Sponsor to Recipient.
 - i. “**Notice of Completion**” shall have the same definition as set forth in California Civil Code §8182.
 - j. “**Operating Expenses**” shall mean those associated with the day-to-day physical operation of the facility which shall be used to supplement, but not supplant, any

existing funds used to support the Prioritized Population. Eligible operating expenses may include the following costs reasonably and actually incurred: (i) utilities, including heating, water, sewer, telephone, broadband and internet, and common area utilities; (ii) maintenance and repairs, including supplies, trash removal, snow removal, pest control, grounds upkeep and landscaping, and painting; (iii) staff and payroll costs required to sufficiently operate the Project, including administrative, maintenance, and security staff/payrolls, provided that staffing costs must be attributed to the Project as a whole and not in direct service or support of any single individual; (iv) marketing and leasing, including advertising, credit investigations, and leasing fees; (v) taxes and insurance, including real estate taxes and property insurance; (vi) office supplies and expenses; (vii) accounting, such as tax filings, audits, and reporting to investors associated with the operation of the Project; (viii) strategic planning and coordination with local health, social services, or homelessness systems of care to support sustainable long-term facility operations; and (ix) other operating expenses as approved by the Sponsor. Operating Expenses do not include (w) expenses unrelated to operational costs; (x) Sponsor distributions; (y) expenses or fees related to change in ownership, limited partner buyout, substitution, or assignment of ownership interest; or (z) expenses or fees related to tort or contract liability.

- k. **“Operating Subsidy Payment Funds”** or **“OSP Funds”** means the CCE Preservation Program operating subsidy funds held and administered in accordance with this Agreement by Sponsor to cover deficits in Operating Expenses attributable to the Facility in accordance with the CCE Preservation Program requirements and the Declaration of Restrictions.
- l. **“Prioritized Population”** shall mean Qualified Residents who are experiencing or at risk of homelessness.
- m. **“Qualified Resident”** shall have the meaning set forth in Welfare and Institutions Code Section 18999.97(e).

5. Purpose and Uses of OSP Funds.

- a. The OSP Funds are intended to cover approved Operating Expenses that exceed Gross Income.
- b. The amount of the Initial Disbursement shall be determined, as set forth in Section 9 below. Recipient shall be permitted to request subsequent disbursements (**“Subsequent Disbursements”**, and together with Initial Disbursements, each a **“Disbursement”**), as set forth in Section 10. Notwithstanding, Sponsor may choose to offer Subsequent Disbursements monthly subject to the terms herein. At any time during the term of this Agreement, Sponsor may review, re-underwrite and adjust the Disbursement amount, if it determines in its sole discretion, that OSP Funds are not necessary or that such adjustment shall improve the long-term viability of the Facility’s operations.

- c. The OSP Funds shall be fully expended or returned to Sponsor in accordance with the CCE Preservation Program deadlines established by CDSS, as such deadlines may be adjusted from time to time, and available at the following website: <https://www.ccegrant.com/>.
- d. All OSP Funds received by Recipient are subject to the terms of this Agreement, the requirements of the CCE Preservation Program as defined in the terms and conditions of CDSS Agreement No. 22-3100, and as reflected in the Operating Budget attached hereto as Exhibit C-1.

6. Exhaustion of the OSP Funds.

- a. If, based on prior disbursements of OSP Funds to Recipient's annual operating budget, Sponsor determines that CCE Preservation Funds may be exhausted prior to the date of expiration of this Agreement, Recipient shall submit a plan to Sponsor for addressing Operating Expense shortfalls after exhaustion of the OSP Funds at least twelve (12) months prior to the expected depletion of the OSP Funds. The plan shall include, but not be limited to, the following:
 - i. An explanation of the efforts Recipient have made to secure additional sources of funds necessary to continue to serve Qualified Residents.
 - ii. A proposed process for increasing the Gross Income to cover Operating Expenses and/or capital improvements, as applicable. If Recipient reasonably determines that Recipient is unable to develop a proposed process, an explanation of the type of technical assistance needed to develop such a process.

7. Calculation of OSP Funds Disbursements.

- a. The amount of the OSP Funds disbursement shall be based on: the difference between: (i) the Actual Operating Expenses for the Project in any Fiscal Year and (ii) Actual Gross Income for the Project for the Fiscal Year.
- b. If funds from any Disbursement remain unused in any given Fiscal Year, those funds shall be applied toward the next Fiscal Year's Disbursement, if any, or returned to Sponsor if there is no Disbursement for the subsequent Fiscal Year.

8. Reserved

9. Ownership, Reduction or Termination of CCE Preservation Funds.

- a. Recipient acknowledges and agrees that they have no ownership interest in the CCE Preservation Funds.

- b. Recipient acknowledges and agrees that the OSP Funds may be reduced or reallocated by Sponsor prior to depletion (a) if the Project receives new or increased revenue beyond those identified in the original underwriting, (b) the Project no longer requires OSP Funds, or (c) if the OSP Funds will not be used prior to the date of expiration of this Agreement, all determined in the sole discretion of Sponsor, or its designee. Recipient acknowledges and agrees that should Recipient (1) no longer have a critical monthly or annual operating and cash flow gap that places the Facility at risk of closure or risk of reducing the number of beds for qualified residents, or (2) no longer have a critical gap in their financial ability to make the needed repairs or upgrades which would place the Facility at risk of closure or reducing the number of beds for qualified residents, Sponsor's discretion to deny future funds pursuant to this Agreement shall be deemed reasonable under the circumstances.
- c. Recipient acknowledges and agrees that the CCE Preservation Funds shall be reduced, suspended, or terminated and this Agreement may be terminated by Sponsor under the following circumstances:
 - i. Recipient ceases to prioritize acceptance of Qualified Residents for the Facility.
 - ii. Recipient is in default under this Agreement, the Declaration of Restrictions, or the Performance Deed of Trust.
 - iii. Recipient misrepresents any information provided in requested reports or documentation.
 - iv. Recipient is no longer in good standing with Community Care Licensing Division or cannot certify that the OSP Funds will bring them into good standing, defined as licensees in "substantial compliance" with licensing statutes and regulations per Title 22, sections 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7) of the California Code of Regulations.
 - v. Recipient 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.
 - vi. Pursuant to the terms of termination in Section 2 or Section 9 of this Agreement.

10. Conditions for the Initial Disbursement.

- a. Recipient may request the Initial Disbursement of CCE Preservation Funds upon Sponsor's receipt and approval of the following:
 - i. Reserved

- ii. Evidence of insurance coverage meeting Sponsor's requirements, as specified in Exhibit C-2.
- iii. For OSP Funds, updates to Exhibit C-1, reflecting any changes to the first-year annual operating budget and long-term cash flow projections or confirmation that no updates are needed.
- iv. Other items deemed necessary by Sponsor to determine the required amount of CCE Preservation Funds to be disbursed, or to meet the requirements of the CCE Preservation Program.
- v. Be in good standing with the Community Care Licensing Division ("CCLD") or certify that the CCE Preservation Funds will bring them into good standing, defined as licensees in "substantial compliance" with licensing statues and regulations per Title 22, sections 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7) of the California Code of Regulations.
- vi. Confirmation that the Recipient is serving at least one Qualified Resident.
- vii. Confirmation that Recipient has, for receipt of OSP Funds, a critical monthly or annual operating and cash flow gap or, for CP Funds, a critical gap in the Project's financial ability to make needed repairs or upgrades and the foregoing issues with operating or capital needs, as applicable, places the Project at risk of closure or at risk of reducing the number of beds for Qualified Residents.
- viii. Reserved.
- ix. The written confirmation that the Project shall not be a regional center.
- x. Any other conditions or requirements imposed by the Sponsor in its reasonable discretion.
- xi. Reserved.
- xii. A certified copy of a recorded Declaration of Restrictions in the form attached to this Agreement as Attachment A.
 - 1. Deed Restriction. Consistent with Welfare and Institutions Code Section 18999.97, facilities who receive OSP funding shall have a deed restriction to provide licensed adult and senior residential care for the length of the grant period. SSI/SSP or CAPI recipients may not receive free or reduced amount for board/room or care or supervision as a result of OSP funding. OSP funding must also not supplant payments to the facility or supplement board/room charges. A deed restriction must be recorded on the title to the property before Behavioral Wellness can approve any OSP payments. As

such, facility operators that are leasing the property must obtain the owner's consent for the deed restriction.

Recipient shall record against the real property, upon which the Project is located (the "Project Property"), a deed restriction dated within forty-five (45) days of the execution of this agreement, restricting the use of the Project Property and the operation of the Project in compliance with the terms of the CCE Preservation Program for a period of at least from April 8, 2025 through June 30, 2029, including the requirement that Recipient give priority to serving Qualified Residents who are currently experiencing homelessness, were formerly homeless or who are at risk of homelessness and as otherwise described in the deed restriction. Until such Deed Restriction is recorded, Sponsor cannot approve any payments to Recipient.

xiii. A certified copy of a recorded Performance Deed of Trust in the form attached to this Agreement as Attachment A.

1. Performance Deed of Trust. Recipient shall enter into that certain Performance Deed of Trust ("Performance Deed of Trust") dated within forty-five (45) days of execution of this Agreement, guaranteeing the obligations of Recipient and Owner under this Agreement, including the operation of the Project in compliance with the terms of the CCE Preservation Program for a period of at least from April 8, 2025 through June 30, 2029, including the requirement that Recipient and Owner give priority to serving Qualified Residents (defined below) who are currently experiencing homelessness, were formerly homeless or who are at risk of homelessness, and as otherwise described in the Performance Deed of Trust. Until such Performance Deed of Trust is recorded, Sponsor cannot approve any payments to Recipient.

b. Recipient shall provide a signed request for the Initial Disbursement of CCE Preservation Funds at least twenty (20) Business Days prior to the requested date for disbursement of Recipient Funds.

11. Subsequent Disbursement of CCE Preservation Funds.

a. Subsequent OSP Funds disbursements shall require: (i) Request for Disbursement at least twenty (20) Business Days prior to the requested date for disbursement of funds; (ii) approval by Sponsor of Recipient's annual operating financial statements showing actual Operating Expenses and Gross Income; (iii) reports as required in Section 12; and (iv) additional information as requested by Sponsor, Home or CDSS.

- b. All subsequent OSP Fund disbursements shall be subject to Recipient's full compliance with all other terms and conditions of this Agreement, the Declaration of Restrictions, and the Performance Deed of Trust.
- c. Notwithstanding the foregoing, all CCE Preservation Funds disbursements shall be conditioned upon Sponsor's receipt of CCE Preservation Funds for the Facility from Horne.
- d. Reserved.

12. Recipient's Ongoing Obligations under this Agreement.

- a. Recipient shall only use CCE Preservation Funds for the eligible uses identified in this Agreement or Program Requirements.
- b. Recipient shall continue to serve Qualified Residents.
- c. Recipient shall prioritize acceptance of the Prioritized Populations.
- d. Recipient shall remain in good standing with CCLD.
- e. The Project shall continue to be (i) an Adult Residential Facility, as defined in Title 22, section 80001(a)(5) of the California Code of Regulations; or (ii) a Residential Care Facility for the Elderly, as defined in Title 22, section 87101(r)(5) of the California Code of Regulations; or (iii) a Residential Care Facility for the Chronically Ill, as defined in Title 22, section 87801(r)(5) of the California Code of Regulations.
- f. Recipient shall notify Sponsor in writing in accordance with Section 15(g) of material events, including, but not limited to, litigation against Recipient that could have a material impact on the Facility and any change in key personnel, within thirty (30) days of said event occurring.
- g. Recipient shall throughout implementation agree to continue serving applicants or recipients of SSI/SSP or CAPI, prioritize applications from qualified residents who are currently experiencing or at risk of homelessness, remain in good standing with CCLD.
- h. Recipient agrees to comply with all reporting, inspection, audit, and record retention requirements described in Horne LLP Community Care Expansion Preservation Program (CCE-PP) Funding Agreement, Article 13, Inspections, Audits, and Record Retention. At its discretion, Sponsor may request additional documentation or metric gathering from Recipient to support or supplement the information provided in Recipient's reports. If Recipient meets the threshold for a federal single audit, a copy of the most recent audit must be provided to Sponsor. Note: any entity expending Seven Hundred Fifty Thousand Dollars (\$750,000) or

more of federal funds in a fiscal year is required to have an annual single audit per the federal Super Circular Uniform Guidance (2 C.F.R. Part 200, subpart F).

- i. Reporting Requirements. In addition to the reports outlined below, the Recipient will also be required to respond to requests for additional information.
- ii. Reporting requirements include:
 1. Quarterly reports including:
 - a. Initial quarterly reports shall be submitted within thirty (30) days of the end of each quarter. Updated quarterly reports reflecting any changes or corrections shall be submitted as soon as is practicable following the initial quarterly report.
 - b. Amount of funds provided from the Sponsor to the facility during the reporting period
 - c. Number of OSP expenditures
 - d. Type of OSP expenditures
 2. A one-time report at facility funding including:
 - a. Projected number of beds preserved by the facility receiving funding
 - b. Date of first release of funds from the Sponsor to the facility
 - c. Funds provided from the Sponsor to the facility at outset
 - d. Number of beds and units occupied by qualified residents with behavioral health needs
 - e. Number of beds and units occupied by qualified residents with serious mental illness (SMI)
 3. Annual reports including:
 - a. An annual Program Fund Expenditure Report to be submitted not later than January 31st of each year for the prior calendar year.
 - b. Number of beds preserved by the facility receiving funding
 - c. Number of qualified residents served per demographic category
 - d. Number of qualified residents served per target population group
 - e. Engagement and integration with community
 - f. Outreach activities conducted to identify and enroll qualified residents
 - g. Impact on homelessness
 - h. Number of beds and units occupied by residents with behavioral health needs
 - i. Number of beds and units occupied by residents with serious mental illness
 4. A final report due 30 days after project completion reporting the total funds awarded to the facility

5. Report material changes, such as changes in key staff or litigation against Recipient or the facility within thirty (30) days such occurrence
 6. Provide an annual audit within ninety (90) days of the end of the fiscal year, if applicable
 7. All reports shall be in a form and contain such information as required by CDSS in its sole and absolute discretion.
 8. Any additional reports or requests for information from Sponsor, Horne, or CDSS. Examples of which may include, but are not limited to:
 - a. The number of retained residents who are receiving or applying for SSI/SSP or CAPI benefits
 - b. The total number of residents, the number of current qualified residents, and any new qualified residents who move into the facility
 - c. A brief description of how the CP or OSP funds were used to benefit the qualified residents and prioritized population
 9. Data Reporting System – The Hub. The HUB is a data portal that will be made available to Recipient, for the purpose of reporting data and meeting programmatic as well as federal fiscal reporting requirements. Sponsor will provide Recipient with a secure portal for uploading and providing all required monitoring information. The site will also provide business-hour access to liaison staff who can answer questions related to the completion of required forms.
- iii. Inspections, Audits, and Record Retention.
1. Horne, CDSS, and Sponsor and any of their authorized representatives shall have the right to access any documents, papers, or other records of Recipient which are pertinent to the Program Funds, for the purpose of performing audits, examinations, and/or review regarding compliance with the provisions of the Agreement and the Program Requirements. Monitoring activities shall include, but are not limited to, inspection of the Recipient's books and records, in addition to site inspections, as Horne or CDSS deems appropriate.
 2. Horne, CDSS, and Sponsor and any of their authorized representatives may perform compliance reviews and review procedures and documents pertaining Recipient's compliance with the Program Requirements, perform onsite visits and desk reviews in order to ensure Program Funds are expended for eligible uses and to protect against fraud, waste and abuse. Recipients shall (i) provide to Horne, and its authorized representatives, and CDSS and its authorized representatives, and Sponsor, and its authorized representatives, access to their records and facilities; and (ii) cooperate with any desk reviews.

3. The right to access records also includes timely and reasonable access to the Recipient's personnel for the purpose of interview and discussion related to the requested documents and/or information.
 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 and the Recipient.
 5. Recipient shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Program Funds for the term of this Agreement and for a minimum of three (3) years thereafter.
 6. Recipient shall comply with the requirements set forth in Attachment C – The California Department of Social Services Confidentiality and Information Security Requirements.
 7. Recipient agrees to maintain and preserve, until three (3) years after termination of this Agreement and final payment of Program Funds, 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.
 8. Any review or inspection undertaken by Horne, its designee, or CDSS, or its designee, or Sponsor, or its designee, of the Recipient's records or facility is solely for the purpose of determining whether the Recipient is properly discharging its obligations to CDSS, and should not be relied upon by the Recipient or by any third parties as a warranty or representation by Horne or CDSS or Sponsor as to the quality of the design, construction, or operation of any project. The Recipient agrees that claims based upon an audit finding and/or an audit finding that is appealed and upheld shall be recovered by Sponsor by one of the following options:
 - a. The Recipient's remittance to Sponsor of the full amount of the audit exception within thirty (30) days following Sponsor request for payment; or
 - b. A repayment schedule which is agreeable to Recipient and Sponsor.

Sponsor reserves the right to select which option described above shall be employed; and Sponsor shall notify Recipient 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.
- i. Disbursement of the CCE Preservation Funds may be suspended or terminated if Recipient is in noncompliance with subsections 12(a) – (i) or otherwise in noncompliance with this Agreement, the Declaration of Restrictions, or the Performance Deed of Trust.

13. Cross-Default. A default under the Declaration of Restrictions shall constitute a default under this Agreement and a default under this Agreement shall constitute a default under the Declaration of Restrictions. A default under the Performance Deed of Trust shall constitute a default under this Agreement, and a default under this Agreement shall constitute a default under the Performance Deed of Trust.
14. Third-Party Beneficiaries. Horne and the State, represented by CDSS, are third-party beneficiaries of this Agreement. This Agreement shall not be construed to give any other person or entity, other than the Parties, Horne, and CDSS, any legal or equitable claim or right. Horne and CDSS or another authorized department or agency representing the State may enforce any provision of this Agreement to the extent permitted by law as a third-party beneficiary of this Agreement.
15. Miscellaneous.
- a. Reserved.
 - b. Reserved.
 - c. Waiver. Sponsor, Horne, or CDSS's failure to notify Recipient of a breach or to insist on strict performance of any provision of this Agreement shall not constitute waiver of such breach or provision.
 - d. Remedies. No remedy in this Agreement is exclusive of any other remedy available under this Agreement, at law or in equity. Sponsor, Horne, and CDSS may seek equitable relief, including an injunction, against Recipient in connection with any breach or threatened breach of this Agreement.
 - e. Limitation of Liability. Except as otherwise provided in this Agreement, or by applicable law, Recipient waives any right to seek, and Sponsor, 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 Recipient advises Sponsor, Horne or CDSS of the possibility of any such damages.
 - f. Relationship. Recipient is an independent contractor with respect to Sponsor. This Agreement is not intended to create a partnership, joint venture, employment, or fiduciary relationship between the Parties or between any Party hereto and Horne or CDSS.
 - g. Notices. Notices under this Agreement must be (i) in writing, (ii) addressed to the receiving Party, Horne, and CDSS at each of the addresses 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. Horne and CDSS shall be copied on all notices sent pursuant to this Agreement.

Notices to Sponsor: Director
County of Santa Barbara
Department of Behavioral Wellness
300 N. San Antonio Road
Santa Barbara, CA 93110

With a copy to: Contracts Manager
County of Santa Barbara
Department of Behavioral Wellness
429 N. San Antonio Road
Santa Barbara, CA 93110

Notices to Recipient Annmarie Cameron
Mental Health Association in Santa Barbara County
DBA Mental Wellness Center
617 Garden Street
Santa Barbara, CA 93101

Notices to CDSS: State of California
California Department of Social Services
744 P Street MS 8-4-461
Sacramento, CA 95814
Attention: Housing and Homelessness Division

Notices to Horne: Horne LLP (Horne)
400 Capitol Mall, Suite 1535
Sacramento, CA 95814
Attention: Geoffrey Ross and Dania Khan

With a copy to: Ballard Spahr LLP
2029 Century Park East, Suite 1400
Los Angeles, CA 90067-2915
Attention: Spencer Eldred

h. Termination.

- i. In addition to the grounds for termination of this Agreement set forth in Sections 2 and 9 of this Agreement, Sponsor may terminate this Agreement upon thirty (30) days' notice. If the Agreement is terminated pursuant to

this Section 15(h), neither Horne, CDSS, or Sponsor shall be responsible for any disbursements pursuant to this Agreement after the termination date or for any damages to Sponsor as a result of such termination.

ii. For Nonappropriation of Funds. The parties acknowledge and agree that this Agreement is dependent upon the availability of County, State, and/or federal funding.

1. If funding to make payments in accordance with the provisions of this Agreement is not forthcoming from the County, State and/or federal governments for the Agreement, or is not allocated or allotted to Sponsor by the County, State and/or federal governments for this Agreement for periodic payment in the current or any future fiscal period, then the obligations of Sponsor to make payments after the effective date of such non-allocation or non-funding, as provided in the notice, will cease and terminate.
2. As permitted by applicable State and Federal laws regarding funding sources, if funding to make payments in accordance with the provisions of this Agreement is delayed or is reduced from the County, State, and/or federal governments for the Agreement, or is not allocated or allotted in full to Sponsor by the County, State, and/or federal governments for this Agreement for periodic payment in the current or any future fiscal period, then the obligations of Sponsor to make payments will be delayed or be reduced accordingly or Sponsor shall have the right to terminate the Agreement. If such funding is reduced, Sponsor in its sole discretion shall determine which aspects of the Agreement shall proceed and which Services shall be performed. In these situations, Sponsor will pay Recipients for Services and Deliverables and certain of its costs. Any obligation to pay by Sponsor will not extend beyond the end of Sponsor's then-current funding period.
3. Recipient expressly agrees that no penalty or damages shall be applied to, or shall accrue to, Sponsor in the event that the necessary funding to pay under the terms of this Agreement is not available, not allocated, not allotted, delayed or reduced.

i. Governing Law. The place of performance of this Agreement is California and the laws of the State shall govern the validity, performance, enforcement, and interpretation of this Agreement. Any litigation or enforcement against Sponsor or Recipient of an award must be brought in the appropriate state or federal court in the State of California, County of Santa Barbara. Any litigation or enforcement brought by or against Horne or CDSS 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.

- j. Assignment. Recipient 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 written approval of Sponsor.
- k. Transition of CCE Preservation Funds. In the event that the Program Funding Agreement expires or terminates prior to the disbursement of all CCE Preservation Funds awarded to Recipient, Sponsor shall be responsible for any disbursement of CCE Preservation Funds due to Recipient under this Agreement.
- l. 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. Any amendments or modifications that do not materially change the terms of this Agreement (such as changes to the Designated Representative or Contractor's address for purposes of Notice) may be approved by the Director of the Department of Behavioral Wellness or designee. Except as otherwise provided in this Agreement, the Board of Supervisors of the County of Santa Barbara must approve all other amendments and modifications.
- m. Counsel. The Parties, each, have reviewed and negotiated this Agreement using such legal counsel as each has deemed appropriate.
- n. Exhibits. The Attachments, Schedules, and Addenda attached to this Agreement are a part of this Agreement and hereby incorporated into this Agreement by this reference.
- o. 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.
- p. 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.
- q. 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.

- r. 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 Agreement. Notwithstanding the foregoing, the Recipient agree that the State may use and refer to the Recipient and the Project in any publication, news release, advertising, speech, technical paper, or for any other purposes.
- s. Notice of Litigation. Promptly, and in any event within one (1) Business Day after an officer or other authorized representative of Recipient obtains knowledge thereof, Recipient shall provide written notice to Sponsor of (i) any litigation or governmental proceeding pending against Recipient which could materially adversely affect the business, operations, property, assets, condition (financial or otherwise) or prospects of Recipient and/or the Project and (ii) any other event which is likely to materially adversely affect the business, operations, property, assets, condition (financial or otherwise) or prospects of Recipient.
- t. 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.
- u. Successors. This Agreement shall be binding upon the Parties, their successors, and assigns.
- v. 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.
- w. 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.
- x. Indemnification. Recipient agrees to indemnify, defend (with counsel reasonably approved by Sponsor) and hold harmless Sponsor and its officers, officials, employees, agents and volunteers from and against any and all claims, actions, losses, damages, judgments and/or liabilities arising out of this Agreement from any cause whatsoever, including the acts, errors or omissions of any person or entity

and for any costs or expenses (including but not limited to attorneys' fees) incurred by Sponsor on account of any claim except where such indemnification is prohibited by law. Recipient's indemnification obligation applies to Sponsor's active as well as passive negligence but does not apply to Sponsor's sole negligence or willful misconduct.

- y. Procurement and Bidding Process. Recipient must comply with all construction requirements, including that Recipient complies with California Prevailing Wage laws (California Labor Code section 1720 et seq.), all permitting requirements of the local jurisdiction and any other governmental or Program Requirements.
- z. Third-Party Beneficiaries. Both CDSS and Horne are third-party beneficiaries to this Agreement, are entitled to the rights and benefits hereunder, and may enforce the provisions hereof as if they were a party hereto.
- aa. Suspension or Stop Work Notification
 - i. Sponsor, on behalf of 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 Sponsor's Designated Representative. Upon receipt of said notice, Recipient is to suspend and/or stop all, or any part of, the work called for by this Agreement.
 - ii. 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 Sponsor. 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, Recipient 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 ninety (90) days of the issuance of a suspension or stop work notification, Sponsor 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.
 - iii. 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, Recipient may resume work only upon written concurrence of Sponsor.
 - iv. 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.

- v. If a suspension or stop work notification is not canceled and the Agreement is cancelled or terminated pursuant to the provision entitled Cancellation/Termination, Sponsor shall allow reasonable costs resulting from the suspension or stop work notification in arriving at the settlement costs.
- vi. In accordance with Section 15.e and Section 15.x of the Agreement, Sponsor shall not be liable to Recipient or its subcontractors for loss of profits because of any suspension or stop work notification issued under this clause.

bb. Conflict of Interest. Recipient must disclose any actual, apparent, or potential conflicts of interest that may exist relative to the services described herein this Agreement. Sponsor retains the right to waive a conflict of interest disclosed by Recipient if Sponsor determines it to be immaterial. Recipient will be required to refrain from and disclose subsequent potential conflicts throughout the performance period.

cc. Nondiscrimination. The County of Santa Barbara does not discriminate against particular providers that serve high-risk populations or specialize in conditions that require costly treatment, and does not discriminate in the participation, reimbursement, or indemnification of any provider who is acting within the scope of his or her license or certification under applicable State law, solely on the basis of that license or certification. Sponsor hereby notifies Recipients that County's Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Agreement and is incorporated herein by this reference with the same force and effect as if the ordinance were specifically set out herein and Recipient agrees to comply with said ordinance.

dd. California Civil Rights Requirements.

- i. During the performance of this Agreement, Recipient 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. Recipient shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination. Recipient 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.

Recipient shall permit access by representatives of the Department of Fair Employment and Housing, Home 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. Recipient 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.)

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

- ii. 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: Recipient 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 Recipient has an internal policy against a sovereign nation or peoples recognized by the United States government, Recipient 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.
- iii. In the event of Recipient'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 Recipient may be declared ineligible for further state contracts or grants.

- iv. Recipient 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 Recipient or vendor. Recipient will take such action with respect to any subcontract or purchase order Horne may direct as a means of enforcing such provisions.
- ee. Local Building Codes. All preservation and construction projects must meet state or local residential and building codes, as applicable, or, in the absence of a state or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. The housing must meet the applicable requirements upon project completion.
- ff. Land Use Exemption. Any project that receives CCE Preservation Program funds shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and any applicable coastal plan, local or otherwise, and allowed as a permitted use, within the zone in which the structure is located, and shall not be subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals, and shall be deemed a ministerial action under the California Environmental Quality Act (CEQA) (Public Resources Code section 21080) and under section 15268 of Title 14 of the California Code of Regulations (Welfare and Institutions Code Section 18999.97(l); see also CEQA Guidelines).
- gg. Low-Rent Housing Project Exemption. In accordance with Welfare and Institutions Code sections 5960.35(b)(1) and 18999.98, a project funded with 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:
 - i. 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.
 - ii. 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.
 - iii. 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.
- iv. The project consists of newly constructed, privately owned, one-to-four-family dwellings not located on adjoining sites.
 - v. The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units.
 - vi. 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.
 - vii. 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 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 Recipient shall comply with the requirements set forth in that section of the California Constitution.

- hh. State and Federal Relocation Assistance. As applicable, all projects must comply with federal and state laws pertaining to relocation assistance and protections that must be provided to people who move as a result of government-funded projects (California Government Code (GOV) sections 7260-7277; 42 U.S.C. section 4601 et seq.).
- ii. Monitoring.
 - i. Monitoring Process. Recipient agrees to abide by and cooperate with Sponsor’s Monitoring process, as required by the CDSS Agreement No. 22-3100. Recipient shall cooperate with these programs subject to Federal or State confidentiality laws, and provisions of this Agreement.
 - ii. Periodic Review Meetings with Contractor. Sponsor shall assign staff as contract monitors to coordinate periodic review meetings with Recipient’s staff regarding quality of fiscal and overall performance activity. Sponsor staff shall conduct periodic on-site reviews of Recipient’s facility and program.
 - iii. Corrective Action Plan. Recipient shall comply with Corrective Action Plan (CAP) requirements in order to address any deficiencies identified during the Sponsor’s monitoring process. CAPs shall be submitted within the required timeframes and shall be documented using the template provided,

shall provide a specific description of how the deficiency shall be corrected, and shall be signed and dated by program staff.

iv. **Fraud, Waste or Abuse.**

1. If Recipient identifies an issue or receives notification of a complaint concerning an incident of potential fraud, waste, or abuse, in addition to notifying Sponsor, Recipient shall conduct an internal investigation to determine the validity of the issue/complaint, and develop and implement corrective action, if needed.
2. Sponsor shall suspend payments to Recipient when it or the State determines there is a credible allegation of fraud. Recipient shall implement and maintain arrangements or procedures that include provision for the suspension of payments to independent contractors for which the State, or Sponsor, determines there is a credible allegation of fraud. (42 C.F.R. §§ 438.608(a), (a)(8) and 455.23.)

jj. **Audit Recovery.** If federal, state or Sponsor audit exceptions are made relating to this Agreement, Recipient shall reimburse all costs incurred by federal, state, and/or county governments associated with defending against the audit exceptions or performing any audits or follow-up audits, including but not limited to: audit fees, court costs, attorneys' fees based upon a reasonable hourly amount for attorneys in the community, travel costs, penalty assessments and all other costs of whatever nature. Immediately upon notification from Sponsor, Recipient shall reimburse the amount of the audit exceptions and any other related costs directly to Sponsor as specified by Sponsor in the notification.

kk. **Authority.** 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:

- i. AB 172 (Chapter 696, Statutes of 2021), including any subsequent amendments to the statutes contained therein;
- ii. California Welfare and Institutions Code sections 18999.97-18999.98;
- iii. The Home Notification of Funding Availability ("NOFA"), in the form attached to this Agreement as Exhibit A-3, issued on or about June 10, 2022;
- iv. The All Counties Welfare Directors Letter ("ACWDL"), in the form attached to this Agreement as Exhibit A-4, dated December 14, 2022;
- v. The Home CCE Preservation Program Funding Agreement, in the form attached to this Agreement as Exhibit A-5, effective March 12, 2024;
- vi. Sponsor's NOFA, in the form attached to this Agreement as Exhibit A-6, issued on or about May 17, 2024;
- vii. This Agreement hereby incorporates by reference Recipient's approved Application, attached as Exhibit A-1.
- viii. The award letter issued by Sponsor to Recipient ("Award Letter"), in the form attached to this Agreement as Exhibit A-7, dated August 27, 2024;
- ix. Guidance issued by CDSS regarding the Program;
- x. Program Guidelines, or Program Materials, as adopted by CDSS, and as may be amended from time to time.

- ii. Compliance with Law. Recipient shall comply with all California and federal law, regulations, and published guidelines, to the extent that these authorities contain requirements applicable to the Recipient's performance under this Agreement, including any licensing and health and safety requirements.
 - i. Recipient 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.
 - ii. In the event Recipient does not comply with the terms of this article 15.ii, Sponsor shall give notice in accordance with Section 15.g and shall have all rights set forth in Section 2, Section 6, and Section 15.h.

SIGNATURES ON THE FOLLOWING PAGE

SIGNATURE PAGE

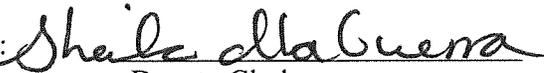
Community Care Expansion Preservation Program Operating Subsidy Payments Agreement between the County of Santa Barbara and **Mental Health Association in Santa Barbara County, dba Mental Wellness Center.**

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective on April 8, 2025.

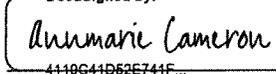
**SPONSOR:
COUNTY OF SANTA BARBARA**

By: 
LAURA CAPPS, CHAIR
BOARD OF SUPERVISORS
Date: 4-8-25

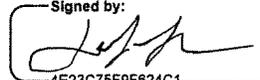
ATTEST:
MONA MIYASATO
COUNTY EXECUTIVE OFFICER
CLERK OF THE BOARD

By: 
Deputy Clerk
Date: 4-8-25

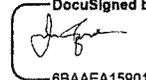
RECIPIENT:
MENTAL HEALTH ASSOCIATION IN SANTA BARBARA COUNTY, DBA MENTAL WELLNESS CENTER

By: 
4110C41D62E741F...
Authorized Representative
Annmarie Cameron
Name: _____
Title: CEO
Date: 3/27/2025

APPROVED AS TO FORM:
RACHEL VAN MULLEM
COUNTY COUNSEL

By: 
4E23C75E9E824C1
Deputy County Counsel

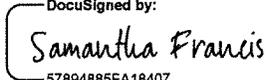
APPROVED AS TO ACCOUNTING FORM:
BETSY M. SCHAFFER, CPA
AUDITOR-CONTROLLER

By: 
6BAAEA15901943F...
Deputy

RECOMMENDED FOR APPROVAL:
ANTONETTE NAVARRO, LMFT,
DIRECTOR
DEPARTMENT OF BEHAVIORAL WELLNESS

By: 
209565A16FE1474...
Director

APPROVED AS TO FORM:
GREG MILLIGAN, ARM
RISK MANAGER

By: 
57894885FA18407...
Risk Manager

THIS AGREEMENT INCLUDES THE FOLLOWING EXHIBITS AND ATTACHMENTS:

EXHIBIT A – PROJECT DESCRIPTION

- EXHIBIT A-1 Project Application
- EXHIBIT A-2 Reserved
- EXHIBIT A-3 Community Care Expansion Preservation Program Operating Subsidy Payment and Capital Projects Notice of Funding Availability
- EXHIBIT A-4 ALL COUNTY WELFARE DIRECTORS LETTER Dated Dec 14, 2022
- EXHIBIT A-5 Horne Program Funding Agreement Entered into March 12, 2024
- EXHIBIT A-6 County of Santa Barbara Notice of Funding Availability Issued on or around May 17, 2024
- EXHIBIT A-7 Santa Barbara County Department of Behavioral Wellness Award Letter to MWC CCE-PP OSP for Polly’s House Dated August 27, 2024

EXHIBIT B – APPROVED USES

- EXHIBIT B Approved Uses for OSP Funds

EXHIBIT C – BUDGET AND INSURANCE

- EXHIBIT C-1 Operating Budget and Cash Flow Projections - Entity Budget by Program
- EXHIBIT C-2 Indemnification and Insurance Requirements (For contracts involving the care/supervision of children, seniors or vulnerable persons)

ATTACHMENT A - Community Care Expansion (CCE) Preservation Program Deed Restriction and Performance Deed of Trust Template

ATTACHMENT B - State of California Department of Social Services CERTIFICATION REGARDING LOBBYING AND CONFLICTS OF INTEREST

ATTACHMENT C – The California Department of Social Services Confidentiality and Information Security Requirements County - v 2019 01

EXHIBIT A-1

Project Application

MWC – Polly’s House OSP Application

THIS SECTION LEFT BLANK INTENTIONALLY



Agency Name: Mental Health Association in SB County DBA Mental Wellness Center

Contact Name: Nick Papageorge, LMFT

Address: 617 Garden Street, Santa Barbara, CA 93101

**CCE – Preservation Program Operating Subsidy Payments and Capital Projects
Application**

Organization/Facility:

Mental Health Association in SB County DBA Mental Wellness Center

Contact Name:

Nick Papageorge, LMFT

Contact Phone:

8058453246

Contact Email:

npapageorge@mentalwellnesscenter.org

Organization/Facility Address:

617 Garden Street, Santa Barbara, CA 93101

Site location address:

1801 Bath Street, Santa Barbara, CA 93101

Facility license number:

425850024

Please provide a summary of your agency:

Mental Wellness Center is a non-profit organization dedicated to the mental wellness of the entire community. We engage in the provision of supportive services to those who live with serious and persistent mental illnesses.



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COUNTY
one
FUTURE



SANTA BARBARA COUNTY
DEPARTMENT OF
Behavioral Wellness
A System of Care and Recovery

Are you currently in good standing with the Community Care Licensing Division? If not, how will this project bring you into good standing?

Yes

Number of Eligible Participants:

11

Total Number of Residents:

11

Average Number of Residents Over the Past 12 Months:

11

Average Eligible Client Occupancy Over the Past 12 Months:

11

Average Length of Stay:

2.18 years

Which type of funding are you applying for?

CP

OSP

Amount of Funding Requested from Your Organization:

\$100,000.00



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FUTURE



SANTA BARBARA COUNTY
DEPARTMENT OF
Behavioral Wellness
A System of Care and Recovery

Is your organization willing to accept less than the funding amount requested above?

Yes No

Please list the amount your organization will provide for the minimum 10% CP funding match.

Please identify the source of the Funding Match:



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FUTURE



Is the contractor licensed?

Yes No

Is the contractor registered with the California Department of Industrial Relations (DIR)?

Yes No

Do they adhere to prevailing wage requirements?

Yes No

Is the property Owned or Leased?

Owned Leased

Is your organization able to obtain a deed restriction for OSP funding?

Yes No

Please provide a time estimate for acquiring and submitting the deed restriction.

Submission 90 days after completion of project

What year was the property built?

1920



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Describe the projects for funding:

Demo room/shed to extend patio outdoor space, comfortable patio furniture for outdoor enjoyment by tenants. Completion of original plan of renovation with painting of the exterior of the home.



Are these repairs necessary to stay compliant with licensing requirements?

Yes No

Describe financial need:

MWC keeps a modest reserve for operating purposes. This is an opportunity to complete a project started but not finished due to unforeseen regulations for ADA when the property was purchased. This is an investment for the future.



Describe the systems your organization has in place that it can utilize to generate required reports:

MWC has experience with tracking and reporting required reports. Furthermore, we plan to contract with the Housing Authority of the City of Santa Barbara (HACSB) to oversee California prevailing wage and working hours laws.

Does your organization have the appropriate staffing to provide administrative support and generate financial reporting for grant activities? Please describe.

Yes, in addition to the Director, Assistant Director and the Operations Manager, the accounting department will also assist. Furthermore, if needed, HACSB, can assist.



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FUTURE



SANTA BARBARA COUNTY
DEPARTMENT OF
Behavioral Wellness
A System of Care and Recovery

Does or will your organization have the appropriate staffing to provide support and services for the residents' post-construction? Please describe.



Agency Name: PathPoint

Contact Name: Harry Bruell

Address: 315 W. Haley St., Suite 202, Santa Barbara, CA 93101

Application Certification

I CERTIFY THE FOLLOWING:

The information contained in the application and all attachments is true to the best of my knowledge.

IF AWARDED FUNDS, THE AGENCY CERTIFIES THAT:

Agency will notify the County in writing of any proposed changes to the project's scope, schedule, or budget, and it understands that all changes must be approved by the County before they are implemented.

Agency will comply with Federal, State, and County regulations and policies applicable to the source of funds awarded.

Agency will provide reports and additional information as necessary during the funding period.

Signature

Date

6/6/2024

CCE - Preservation Program OSP Buc

1	FACILITY COSTS	Polly's House 1801 Bath Street , Santa Barbara, CA	PROJECT NAME AND LOCATION
2	Utilities		
3	Maintance and Repairs	\$ 95,000.00	
4	Staff and Payroll		
5	Marketing and Leasing		
6	Taxes and Insurance		
7	Office Supplies and Expenses		
8	Accounting		
	Strategic Planning		
	Other: Equipment/ Patio Furniture	\$ 5,000.00	
	Other:		
9	Other:		
10	Facility Costs Subtotal	\$ 100,000.00	\$ -
11	INDIRECT COSTS		
12	Administrative Indirect Costs (reimbursement limited to 15% not on top of match)	\$ 10,000.00	
13	GROSS DIRECT AND INDIRECT COSTS	\$ 110,000.00	\$ -

PROJECTED BUDGET SHORTFALL	\$ 100,000.00	\$ -
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Polly's House



Agency Name: PathPoint

Contact Name: Rebecca Bogdanovic, development@pathpoint.org, (805) 863-3353

Address: 107 E. Micheltorena Street, Santa Barbara CA 93101

**County of Santa Barbara Department of Behavioral Wellness
Community Care Expansion – Preservation Project – Operation Subsidy Payment Funds
Budget Narrative**

Total Amount Requesting: \$ 224,868.50

Total Matching Funds: \$ 22,486.85

Total Project Costs: \$

Describe your agencies budgetary shortfalls and how OSP funding will close these gaps.

6/6/2024

Describe how your agency will use funds in the following areas:

A. Utilities: \$ PathPoint

Harry Bruell

B. Maintenance and Repairs: \$ 315 W. Haley St., Suite 202, Santa Barbara, CA

The costs of termite fumigation, bed bug treatment, temporary relocation (x2), interior/ exterior painting, and landscaping.

C. Staff and Payroll: \$ \$99,705.51



20% of Property Manager earning an average of salary of \$5,944/month and 2% of Project Manager earning an average salary of \$6,925/month. Average salaries are inclusive of modest annual raises throughout the term of the grant. Benefits include employer payroll taxes, workers comp, unemployment, +

D. Marketing and Leasing: \$ 0.00

N/A

E. Taxes and Insurance: \$ \$6,248.25

50% of property insurance, estimated at \$215.46/month from September 2024 through June 2029.

F. Office Supplies and Expenses: \$ 0.00

N/A

G. Accounting: \$ 0.00

N/A

H. Strategic planning with local systems of care: \$ 0.00

N/A

I. Other (describe): \$ 0.00

N/A

J. Administrative Indirect Costs: \$ \$29,330.67

Indirect costs allocated per PathPoint's indirect cost allocation plan. PathPoint allocates indirect costs proportionately based on direct expenses in each cost center. Estimated 15% of direct expenses.

Eligible OSP costs can be found in NOFA Section C. Funds must be used to supplement, not supplant, any existing funds used to support eligible populations.

A CORLY

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
4/12/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0757776 HUB International Insurance Services Inc. PO Box 3310 Santa Barbara, CA 93130-3310	CONTACT Elvia Silva	
	PHONE (AIC. NO, Ext): (805) 879-9505	FAX (AIC. 617-1762)
	E-MAIL ADDRESS: elvia.silva@hubinternational.com	
	INSURER S AFFORDING COVERAGE	NA'C #
	INWRERA: Philadel hia Indemnit Insurance Com an	18058
INSURED Mental Wellness Center 617 Garden St Santa Barbara, CA 93101	INSURER ress Insurance Com an 10855	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

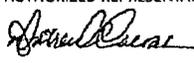
COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	TYPE OF INSURANCE	ADDL SUBR	POLICY NUMBER	POLICY EFF	POLICY EXP	LIMITS
A	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEML AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:	X	PHPK2674366	4/1/2024	4/11/2025	EACH OCCURRENCE DAMAGE TO RENTED \$ 100,000 PREM E rr n 5,000 MED EXP An one PERSONAL ADV INJURY & GENERAL AGGREGATE PRODUCTS - COMP/OP AGG COMBINED SINGLE LIMIT
A	OMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY HIRED AUTOS ONLY UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR SCHEDULED AUTOS NON-OWNED AUTOS ONLY		PHPK2674366	4/1/2024	4/11/2025	c ide BODILY INJURY Per erson BODILY INJURY Per accident s PROPERTY AMAGE Per accident EACH OCCURRENCE
	EXCESS LIAB CLAIMS-MADE DEDX RETENTION \$ 10,000		PHUB907251	4/1/2024	4/11/2025	AGGREGATE

B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY		MEWC545313	4/1/2024	4/1/2025	X	PER	OTH.	
	<div style="border: 1px solid black; width: 20px; height: 20px; text-align: center; margin: 0 auto;">N</div> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under	NIA					E.L. EACH ACCI		
A	DESCRIPTION OF OPERATIONS below		PHPK2674366	4/1/2024	4/1/2025		EL. DISEASE - POLICY		3,000,000
A	Professional Liab		PHPK2674366	4/1/2024	4/1/2025		LIMIT		1,000,000
	Professional Liab						Aggregate		
							Each Incident		

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 Santa Barbara County including its board, departments, officers, officials, employees, agents and volunteers are included as Additional Insureds under the General Liability policy, additional insured coverage applies when required by written contract per attached form: CG 20 26 04 13.

CERTIFICATE HOLDER Santa Barbara County ATTN: Department of Behavioral Wellness 300 North San Antonio Road, Bldg. 3 Santa Barbara, CA 93110-1316	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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ACORD 25 (2016/03)

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**MENTAL HEALTH ASSOCIATION
IN SANTA BARBARA COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2021**

GARY A. SMITH
CERTIFIED PUBLIC ACCOUNTANT
350 SOUTH HOPE AVENUE, SUITE A-205
SANTA BARBARA, CALIFORNIA 93105
(805) 563-4800
gary@garysmithaccounting.com

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Mental Health Association in Santa Barbara County
Santa Barbara, California

I have audited the accompanying financial statements of the Mental Health Association in Santa Barbara County, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

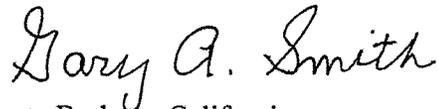
I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respect, the financial position of the Mental Health Association in Santa Barbara County as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the Mental Health Association in Santa Barbara County's 2020 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated March 16, 2021. In my opinion, the summarized comparative information presented herein as of and for the year June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Santa Barbara, California
March 21, 2022

MENTAL HEALTH ASSOCIATION IN SANTA BARBARA COUNTY

Statement of Financial Position

June 30, 2021

(With comparative totals for 2020)

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 459,738	\$ 743,040
Accounts receivable	558,471	294,633
Grants and pledges receivable (Note 3)	35,000	17,317
Prepaid expenses and deposits	<u>66,252</u>	<u>77,786</u>
Total current assets	<u>1,119,461</u>	<u>1,132,776</u>
 Grants and pledges receivable, net of current portion (Note 3)		43,245
 Property and equipment, net (Note 4)	4,916,514	5,071,650
 Investments (Note 5)	1,163,085	1,160,375
 Other assets:		
Management fee receivable from Garden Street Apartments, L.P.	163,297	148,834
Affordable Housing Program (AHP) loan receivable (Note 6)	357,000	357,000
Developer fee receivable (Note 7)	342,627	500,949
Advances to MHA Garden Street Apartments, L.P. for construction and improvements (Note 8)	1,665,458	1,665,458
Accrued interest receivable	849,001	784,041
Investment in MHA Garden Street Apartments, L.P. (Note 9)	1,931,473	1,931,546
Prepaid costs, MHA Garden Street Apartments L.P. ownership transfer (Note 23)	<u>51,418</u>	
Total other assets	<u>5,360,274</u>	<u>5,387,828</u>
Total assets	<u>\$ 12,559,334</u>	<u>\$ 12,795,874</u>

See notes to financial statements.

MENTAL HEALTH ASSOCIATION IN SANTA BARBARA COUNTY
Statement of Financial Position
June 30, 2021
(With comparative totals for 2020)

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
Current liabilities:		
Accounts payable	\$ 22,555	\$ 35,674
Accrued salaries and vacation pay	136,824	145,107
Payable to County of Santa Barbara	27,495	27,495
Agency funds payable		53,964
SBA advance-Paycheck Protection Program (Note 10)		374,537
Current portion of elimination loan	8,333	8,333
Current portion of long-term debt (Note 13)	<u>21,194</u>	<u>30,431</u>
Total current liabilities	<u>216,401</u>	<u>675,541</u>
Other liabilities:		
Affordable Housing Program (AHP) loan payable (Note 11)	357,000	357,000
Elimination loan, net of current portion (Note 12)	82,640	90,973
Notes and leases payable, net of current portion (Note 13)	874,482	915,190
Security deposits	<u>12,244</u>	<u>12,007</u>
Total other liabilities	<u>1,326,366</u>	<u>1,375,170</u>
Total liabilities	<u>1,542,767</u>	<u>2,050,711</u>
Net assets:		
Without donor restrictions (Note 14)	10,792,610	10,610,644
With donor restrictions (Note 14)	<u>223,957</u>	<u>134,519</u>
Total net assets	<u>11,016,567</u>	<u>10,745,163</u>
Total liabilities and net assets	<u>\$ 12,559,334</u>	<u>\$ 12,795,874</u>

See notes to financial statements.

MENTAL HEALTH ASSOCIATION IN SANTA BARBARA COUNTY

Statement of Activities

Year ended June 30, 2021

(With comparative totals for 2020)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total <u>2021</u>	Total <u>2020</u>
Revenue, gains and other support:				
Contributions	\$ 276,930	\$	\$ 276,930	\$ 274,254
Grants	265,169	155,000	420,169	379,263
Grants-Paycheck Protection Program (Note 10)	374,537		374,537	
Resident fees	216,450		216,450	214,825
Board and care contracts	290,537		290,537	274,818
Fees received from Garden Street Apartments, L.P.	224,875		224,875	223,023
Property management fees received from Garden Street Owners' Association	24,000		24,000	20,790
Fees for services	84,888		84,888	43,693
Government contracts	2,043,955		2,043,955	2,168,037
Miscellaneous	11,832		11,832	6,197
Interest income from Garden Street Apartments, L.P.	122,164		122,164	112,308
Other interest and dividends	3,169		3,169	10,041
Loss or write-down of pledges		(24,495)	(24,495)	
Loss on equipment retired Released from restrictions for program purposes	41,067	(41,067)	-	(6,750)
Total revenues, gains and other support	<u>3,979,573</u>	<u>89,438</u>	<u>4,069,011</u>	<u>3,720,499</u>
Expenses:				
Program services	2,966,185		2,966,185	2,961,177
Management and general	581,601		581,601	537,687
Fundraising	249,821		249,821	269,375
Total expenses	<u>3,797,607</u>	<u>-</u>	<u>3,797,607</u>	<u>3,768,239</u>
Change in net assets	181,966	89,438	271,404	(47,740)
Net assets, beginning of year	<u>10,610,644</u>	<u>134,519</u>	<u>10,745,163</u>	<u>10,792,903</u>
Net assets, end of year	<u>\$ 10,792,610</u>	<u>\$ 223,957</u>	<u>\$ 11,016,567</u>	<u>\$ 10,745,163</u>

See notes to financial statements.

MENTAL HEALTH ASSOCIATION IN SANTA BARBARA COUNTY

Statement of Functional Expenses

Year ended June 30, 2021

(With comparative totals for 2020)

	Program	Management	Fund	2021	2020
	<u>Services</u>	<u>and General</u>	<u>Raising</u>	<u>Total</u>	<u>Total</u>
Salaries and benefits	\$ 2,053,973	\$ 349,120	\$ 184,545	\$ 2,587,638	\$ 2,416,986
Professional fees	66,468	54,703	8,666	129,837	203,597
Food	99,703	40	1,916	101,659	131,723
Supplies	62,372	10,610	2,751	75,733	77,056
Insurance	52,163	2,430	4,760	59,353	48,953
Other operating expenses	83,818	62,367	21,341	167,526	159,458
Occupancy	268,013	50,981	8,823	327,817	332,519
Repairs and maintenance	101,791	26,096		127,887	171,242
Depreciation	133,742	16,602	4,792	155,136	156,450
Interest	34,563			34,563	35,888
Advertising and marketing	<u>9,579</u>	<u>8,652</u>	<u>12,227</u>	<u>30,458</u>	<u>34,367</u>
Total expenses	<u>\$ 2,966,185</u>	<u>\$ 581,601</u>	<u>\$ 249,821</u>	<u>\$ 3,797,607</u>	<u>\$ 3,768,239</u>

See notes to financial statements.

MENTAL HEALTH ASSOCIATION IN SANTA BARBARA COUNTY

Statement of Cash Flows
Year ended June 30, 2021
(With comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 271,404	\$ (47,740)
Non cash expenses included in change in net assets:		
Depreciation and amortization	155,136	156,450
Amortization of elimination loan	(8,333)	(8,333)
Loss from investment in Garden Street Apartments, L.P.	73	75
Loss on equipment retired		6,750
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables	(238,276)	93,401
Developer fee receivable	158,322	
Accrued interest receivable	(64,960)	(112,308)
Management fee receivable	(14,463)	(13,841)
Prepaid expenses and deposits	11,534	(30,763)
Increase (decrease) in:		
Accounts payable	(13,119)	15,681
Accrued salaries and vacation pay	(8,283)	11,250
Security deposits	<u>237</u>	<u>704</u>
Cash provided by operating activities	<u>249,272</u>	<u>71,326</u>
Cash flows from investing activities:		
Purchase of property and equipment		(57,990)
Prepaid costs, MHA Garden Street Apartments L.P. ownership transfer	(51,418)	
Change in cash held for investments	<u>(2,710)</u>	<u>(9,962)</u>
Cash used by investing activities	<u>(54,128)</u>	<u>(67,952)</u>
Cash flows from financing activities:		
Agency funds received	(53,964)	53,964
SBA advance – Paycheck Protection Program	(374,537)	374,537
Payments on long-term debt	<u>(49,945)</u>	<u>(29,113)</u>
Cash provided (used) by financing activities	<u>(478,446)</u>	<u>399,388</u>
Net increase in cash	(283,302)	402,762
Cash and cash equivalents, beginning of year	<u>743,040</u>	<u>340,278</u>
Cash and cash equivalents, end of year	<u>\$ 459,738</u>	<u>\$ 743,040</u>
Supplemental disclosures:		
Cash paid for interest	\$ 34,563	\$ 35,888
Cash paid for taxes	\$ 3,910	\$ 1,600

See notes to financial statements.

MENTAL HEALTH ASSOCIATION IN SANTA BARBARA COUNTY

Notes to Financial Statements

June 30, 2021

Note 1: Nature of activities

Mental Health Association in Santa Barbara County (the "Association") provides board and care for residents living in housing facilities, provides social and rehabilitation programs to residents and other individuals, and manages an affordable housing complex for people with mental health disabilities.

The financial statements also include the accounts of Building Hope, LLC, and Building Hope II, LLC, both 100% owned limited liability companies. Building Hope, LLC is the general partner and has a .009% interest in MHA Garden Street Apartments, L.P. ("Partnership"), a limited partnership. As used herein, "Association" includes Mental Health Association of Santa Barbara County, Building Hope, LLC, and Building Hope II, LLC.

Note 2: Summary of significant accounting policies.

Basis of presentation

The financial statements of the Association have been prepared in accordance with U.S. generally accepted principles (GAAP). GAAP requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes in net assets are categorized as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. This net asset classification includes amounts designated by the Board for special purposes.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue recognition

Contributions – Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Rental Income – Rental income is recognized when due from residents, with payments made on a monthly basis. Rental agreements are generally month to month.

Board and Care Contracts – Revenue recognition is similar to rental income above, but the rental amount includes food and the residents live in state licensed adult care facilities.

Management Fees – Management fees are for tenant liaison and general management of the Partnership's affordable housing complex. The services are provided on a continuous basis with payments being made monthly. The fee amount is negotiated annually.

Program Services – Program service fees and other revenue including ancillary services are recognized when the revenue is earned, generally when service is provided.

Donated Services

Numerous volunteers have donated to the Association's program services during the year; however, these donated services are not reflected in the financial statements since they do not meet the recognition criteria.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. All highly liquid investments, with a maturity of three months or less when purchased, are considered to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash and cash equivalents and receivables. The Association maintains cash in money market accounts that are not federally insured and bank deposit accounts which, at times, may exceed federally insured limits. A substantial portion of the receivables is from the County of Santa Barbara.

Investments

Investments are stated at fair value.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets and computed on the straight-line method.

Income Taxes

The Association is a nonprofit corporation and is not subject to federal or state income taxes. Management believes that the tax positions taken are more likely than not to be sustained upon examination. The Association's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Advertising

Advertising costs are expensed when incurred and are included in functional expenses.

Functional expenses

The costs of providing the Association's various programs and supporting services have been summarized on a functional basis in the statement of activities. Certain costs, based upon estimates by management, have been allocated among the programs and supporting services benefited. The estimates by management take into consideration personnel and space utilization.

Recent accounting pronouncement

In July 2020, the Association adopted Financial Accounting Standards Board (FASB) ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. The Association utilized the modified prospective method, in which the cumulative effect of

standard (if any) is recognized at the date of initial application. There was no cumulative effect adjustment, but the disclosures regarding revenue recognition are more robust.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

Note 3: Grants and pledges receivable.

Pledges and grants receivable are expected to be realized in the following periods:

	<u>2021</u>	<u>2020</u>
One year or less	\$ 35,000	\$ 17,317
Between one and five years		43,245
	<u>\$ 35,000</u>	<u>\$ 60,562</u>

Note 4: Property and equipment

Property and equipment are as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,266,682	\$ 1,266,682
Leasehold improvements	80,000	80,000
Building and improvements	5,135,256	5,135,256
Furniture and equipment	360,360	360,360
Vehicles	<u>68,023</u>	<u>68,023</u>
	6,910,321	6,910,321
Less: accumulated depreciation	<u>(1,993,807)</u>	<u>(1,838,671)</u>
Total property and equipment	<u>\$ 4,916,514</u>	<u>\$ 5,071,650</u>

Note 5: Investments

Investments consist of cash and cash equivalents.

Note 6: Affordable Housing Program (AHP) loan receivable

This receivable from MHA Garden Street Apartments, L.P., bears no interest and matures in October 2062. All payments are deferred until maturity.

Note 7: Developer fee receivable.

This receivable represents unreimbursed costs incurred and services rendered in connection with the development of the Garden Street project. The payment is expected to come from cash flow generated from rental income of the Partnership. For periods after November 18, 2010, this loan bears interest at 3.67%.

Note 8: Advances to MHA Garden Street Apartments, L.P.

These advances represent excess development costs and other construction costs incurred on behalf of the Partnership. The balance is payable from cash flow generated from rental income of the Partnership. Advances in amount of \$578,711 bear interest at 8%.

Note 9: Investment in MHA Garden Street Apartments, L.P.

The investment in MHA Garden Street Apartments, L.P. reflects the cost of the land contributed to the Partnership, and is adjusted annually for the Association's share of

the partnerships profits or losses, which is .009%. This resulted in a recorded loss of \$73 in 2021. The loss is included in miscellaneous income.

Note 10: SBA Advance – Paycheck Protection Program

In April 2020 the Association received an advance under the Paycheck Protection Program (“PPP”) in the amount of \$374,537. The PPP was established as part of the CARES Act, which provides for loans and advances to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The advance and any accrued interest are forgiven as long as the business spends the advance for eligible purposes, which include payroll, benefits, rent, and utilities. The loan was forgiven in the fiscal year ended June 30, 2021.

Note 11: Affordable Housing Program (AHP) loan payable

This loan, which is payable to Union Bank, was made to fund the Garden Street project. The loan bears no interest and will be forgiven in December 2023 provided that the Association complies with the terms of the funding agreement.

Note 12: Subordinated elimination loan

The subordinated elimination loan is payable to the County of Santa Barbara. The loan bears no interest and has a 30-year term. The Association agrees to provide a certain number of beds for low income clients for the 30-year term of the note. In exchange for this, the loan will liquidate without payment in equal annual amounts of \$8,333. In the event that the Association fails to provide the low-income beds during the 30 year period, the unliquidated portion of the note will become payable. The note is secured by real property but is subordinate to certain construction and/or permanent financing related to the Garden Street property development.

Note 13: Notes and leases payable

	<u>2021</u>	<u>2020</u>
Loan payable to Montecito Bank & Trust, payable in 60 monthly payments in the amount of \$4,542 beginning June 5, 2017 with interest at 3.76%; 59 monthly payments beginning June 5, 2022, with interest at an index of the prime rate plus 2.5% and one payment on May 5, 2027 for the remaining balance. The note is secured by real property.	\$ 895,676	\$ 915,621
Payable to the Housing Authority of the City of Santa Barbara as a “Capital Payment” under certain provisions of a lease agreement. The provisions call for \$30,000 to be paid on the commencement of the lease and \$10,000 to be paid annually.		30,000
	<u>895,676</u>	<u>945,621</u>
Less: current portion	<u>(21,194)</u>	<u>(30,431)</u>
Long-term portion	<u>\$ 874,482</u>	<u>\$ 915,190</u>

Future payments at June 30, 2021 are as follows:

Year	
2022	\$ 21,194
2023	22,004
2024	22,846
2025	23,720
2026	24,627
Thereafter	<u>781,285</u>
	<u>\$ 895,676</u>

Note 14: Net assets

Net assets consist of the following:

	<u>2021</u>	<u>2020</u>
Without donor restrictions		
Undesignated	\$ 9,698,371	\$ 9,529,069
Board designated reserve for operations and building repairs	<u>1,094,239</u>	<u>1,081,575</u>
	10,792,610	10,610,644
With donor restrictions		
Purpose restrictions:		
For programs	155,000	5,000
Held in perpetuity	68,957	68,957
Subject to passage of time		<u>60,562</u>
	<u>223,957</u>	<u>134,519</u>
Total net assets	<u>\$ 11,016,567</u>	<u>\$ 10,745,163</u>

The income from investments held in perpetuity is expendable to support:

Fellowship Club:	
To make annual Christmas gifts to members of the Fellowship Club	\$ 20,000
To defray expenses	27,424
Education	11,533
Any activity of the organization	<u>10,000</u>
	<u>\$ 68,957</u>

Note 15: Endowment

Interpretation of relevant law

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of donor-restricted endowment gifts as of the gift date. The portion of the donor-restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure by the Board for use in current operations.

Investment policy

The endowment assets are invested in a manner that is intended to produce results that preserve the gifts while assuming a low level of investment risk.

Spending policy

The Association has a policy of appropriating for distribution endowment earnings when received and available to distribute. Some earnings may be retained in order to maintain purchasing power of the endowment assets.

Endowment net assets were \$68,957 at June 30, 2021. Allocated interest earned of approximately \$200 in 2021 was appropriated in that year.

Note 16: Employee benefit plan

The Association has a 401(k) savings plan covering its eligible employees. Eligible employees may contribute through payroll deductions. The Association's matching contribution in 2021 was \$36,720.

Note 17: Garden Street property development

The Garden Street property development is a facility consisting of 51 affordable residential units for mental health and other individuals and a three story office building. In 2006, the Association transferred land and certain development costs to Garden Street Apartments, L.P. ("Partnership"), which assumed responsibility for developing the property. In December 2009 the Association, through a controlled entity, purchased from the Partnership the first two floors of the building, and the City of Santa Barbara purchased the third floor.

Note 18: Related party transactions

Related party transactions with MHA Garden Street Apartments, L.P. ("Partnership") are shown on the face of the financial statements.

Note 19: Commitments

The Association entered into a lease agreement for housing facilities for a period expiring in October 2026. Future minimum lease payments are as follows:

<u>Year ending June 30:</u>	
2022	\$ 61,968
2023	61,968
2024	61,968
2025	61,968
2026	61,968
Thereafter	<u>20,656</u>
	<u>\$ 330,496</u>

The Association is the guarantor of a MHA Garden Street Apartment, L.P. note payable to a bank. The note balance at December 31, 2020 was \$2,503,320.

Note 20: Fair value measurements

The Association measures fair value of financial instruments in accordance with ASC 820, *Fair Value Measurements*. The standard establishes a fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active or inactive markets for the same or similar assets.
- Level 3: Inputs that are unobservable, with valuations based on cash flow models and similar techniques, and not based on market activity.

There were no assets measured at fair value as of June 30, 2021. Assets previously measured at fair value, when applicable, include investments and pledges receivable.

Note 21: Financial assets and liquid resources

Financial assets and liquid resources that are available within one year of June 30, 2020 to fund general expenditures and other obligations as they become due are as follows:

Financial assets:	
Cash and cash equivalents	\$ 759,738
Accounts receivable	558,471
Grants and pledges receivable due within one year	35,000
Board designations:	
Operating reserve	<u>1,094,239</u>
Total financial assets available within one year	<u>\$ 2,447,448</u>

The Association may experience budgetary short-falls due to the unpredictability and timing of the receipt of grants and donations, and deferred payments on government contracts. To manage liquidity the Association maintains an operating reserve in the amount of \$1,094,239.

Note 22: Uncertainties

The United States and the world are experiencing a health pandemic known as COVID-19. Treatments to protect against serious illness have been developed and vaccinations are taking place. Business and governmental entities are operational but some at a reduced capacity. Recently there has been an increase in cases attributable a new variant of the virus and there is a major effort by governments and health care officials to get more people vaccinated. Because of the uncertainty involved, it is not possible to predict the impact of the virus on the Association's future financial position.

Note 23: Subsequent events

Subsequent events have been evaluated through March 21, 2022 noting the following:

As mentioned in Note 1 to the financial statements, Building Hope, LLC (Building Hope) is a limited liability company 100% owned by the Mental Health Association in Santa Barbara County (MHASB). Building Hope is the general partner and has a .009% interest in MHA Garden Street Apartments, L.P. (Partnership). In January 2022, Building Hope acquired the 99.991% interest of the limited partners, the consideration being the assumption of debt on the Partnership's books. The debt assumed or refinanced is as follows:

Refinanced loan with bank	\$ 2,750,000
Note payable, City of Santa Barbara	6,300,000
Note payable, CalHFA	<u>1,000,000</u>
	<u>\$ 10,050,000</u>

The two governmental loans mature in 2064 and 2039 respectively.

In addition, Building Hope will assume approximately \$3,000,000 of loans payable by the Partnership to MHASB.

For additional information about the Partnership and the loans discussed above, see the Partnership's most recent audited financial statements.

FINAL																			
2023/2024 Agency Budget																			
Approved 8.13.23																			
	Assoc	Fuhrdate	Ed	NAM	Eleanor	Fellowship	RLCFamId	Peer Tech	PPD	Casa	Cottage	Alameda	Polya	DeLaVina	TOTAL MWC	BKH	Committed	Pror Year	
																		2023 MWC	
4900 - Donations		350,000													350,000			350,000	350,000
4300 - Operating Grants		342,500	49,150												392,250			392,250	682,625
4110 - Special Project Grants	358,187		176,000			126,000									662,187			662,187	-
4300 - County Contract Programs								383,275	18,083	549,654	514,901	557,437	582,934	801,216	89,378	3,452,864		3,452,864	2,642,250
4350 - Board & Case Contracts										88,632	88,632	88,632	162,452		428,348			428,348	428,348
4380 - Program Fees - GSA Mhny						96,000									96,000			96,000	96,000
4400 - Rental Income					174,288	18,000									58,938	251,226	140,286	381,642	424,253
4300 - Investment Income	6,000														6,000			6,000	2,400
4300 - Miscellaneous Income	500				1,900										2,400			2,400	4,000
4801 - Administration Fee - NAM	12,000														12,000			12,000	-
4802 - Administration Fee - GSA	184,879														184,879			184,879	160,879
4897 - Camp Association Mgmt. Fee	24,000														24,000			24,000	24,000
4898 - GSA Property Mgmt Fee	49,000														49,000			49,000	42,000
TOTAL INCOME	634,666	692,500	228,750		178,188	239,000	383,275	18,083	549,654	603,533	648,959	641,566	963,706	148,316	5,925,298	140,286	6,065,584	4,886,778	4,886,778
6000 - Salaries	659,628	233,371	138,580	24,372	32,838	54,650	205,139	15,549	313,320	336,461	336,461	339,581	527,374	35,948	3,253,452		3,253,452	2,926,689	2,926,689
8100 - Payroll Costs	143,820	53,948	33,280	5,801	7,960	13,288	37,416	2,534	62,690	62,246	62,246	62,822	97,564	6,304	651,939		651,939	499,225	499,225
E221 - Rent Expense	-	2,000			72,000		59,250		38,000	41,436	50,453	43,969	60,848	58,828	428,726		428,726	506,252	506,252
E228 - Bankcard Fees	800														3,800		3,800	3,800	1,800
E230 - Advertising	2,000	30,000				2,200									34,200		34,200	34,144	34,144
E231 - Food	10,000	10,000	19,700			221,156			23,370	24,403	27,105	44,001	2,538	2,538	382,333		382,333	140,236	140,236
E232 - Marketing	700	8,500	2,000			1,200									11,900		11,900	19,405	19,405
E232 - Supplies	41,000	2,500	9,400		225	36,000		5,900	7,259	9,165	6,199	10,872	4,369	134,985		134,985	113,621	113,621	
E234 - Staff Expense/New Hire Ed	7,500								4,635	4,684	4,684	6,017			27,520		27,520	17,442	17,442
E235 - Telephone/Communication	9,000	860	1,000		660	10,200			5,460	5,709	4,723	8,900	2,960	48,972		48,972	53,972	53,972	
E237 - Utilities	8,000				24,000	10,000			10,050	3,488	5,519	15,760	4,096	82,352		82,352	78,211	78,211	
E238 - Repairs/Maintenance	50,000				750	41,000			20,142	22,648	22,237	46,289	4,530	208,601		208,601	118,543	118,543	
E245 - Mileage	400	250	4,000		100	1,300			5,000	942	3,195	3,195	923		19,305		19,305	23,666	23,666
E255 - Social/Recreational						4,200									4,200		4,200	4,200	4,200
E281 - Dues/Subscriptions	23,500	8,000													29,500		29,500	5,072	5,072
E283 - Equipment/Furnishings	10,000	1,200	6,500		1,900				10,000	2,012	3,867	3,512	3,089	2,534	43,788		43,788	28,174	28,174
E285 - Insurance	38,210								6,447	6,938	6,798	9,169	2,558	79,020		79,020	56,520	56,520	
E287 - Licenses	500									183	676	678	926	293	3,188		3,188	4,108	4,108
E271 - Postage	4,000	4,000													8,000		8,000	3,250	3,250
E272 - Stipends / Retention	60,900														60,900		60,900	-	-
E273 - Printing	8,000	15,900													23,900		23,900	17,801	17,801
E278 - Professional Services	29,900	95,900			5,000		38,136		38,000	3,545	1,364	1,364		2,815	219,224	2,000	217,224	124,000	124,000
E176 - Volunteer Appreciation	2,500		5,000												7,500		7,500	-	-
E282 - Travel						1,900									1,900		1,900	1,900	1,900
E284 - Affiliations															-		-	1,200	1,200
E286 - Transfers	200	500				2,500			10,000						13,200		13,200	813	813
E287 - Association Dues		500													500	102,360	102,860	56,400	56,400
E289 - Miscellaneous Expense	1,000	500			100	900				615	582	582	566	508	5,353		5,353	5,071	5,071
E291 - Property Taxes	120														120		2,600	2,600	2,600
E899 - Expense Provisions-Adm	(872,910)	68,876	33,393		21,336	63,828	45,534		71,684	78,221	84,208	83,889	125,700	19,100	0		0	0	0
TOTAL Expense	419,967	612,326	252,903	30,174	164,969	468,051	383,275	18,083	549,654	603,533	611,062	616,567	963,706	148,316	5,767,558	108,860	6,876,418	4,844,747	4,844,747
	217,898	168,174	(24,181)	(30,174)	11,818	(237,821)	-	-	-	-	34,987	34,998	-	-	187,740	32,428	181,168	42,581	42,581
Reserves / 827,500 Quarterly																	(168,000)		
																		41,188	41,188

EXHIBIT A-2
RESERVED

EXHIBIT A-3

**Community Care Expansion Preservation Program Operating Subsidy Payment and Capital Projects
Notice of Funding Availability**

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**Community Care Expansion Preservation Program
Operating Subsidy Payment and Capital Projects
Notice of Funding Availability**

DATE: JUNE 10, 2022

TO: ALL COUNTY DIRECTORS

SUBJECT: NOTICE OF FUNDING AVAILABILITY FOR THE COMMUNITY CARE
EXPANSION PROGRAM: PRESERVATION OPERATIONAL
SUBSIDIES AND PRESERVATION CAPITAL FUNDS

REFERENCE: Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021); Welfare and
Institutions Code (WIC) Section 18999.97; Senate Bill (SB) 129 (Chapter
69, Statutes of 2021)

The purpose of this letter is to notify all County Directors of noncompetitive allocations available for all counties with licensed residential adult and senior care facilities. This funding is available through the Community Care Expansion (CCE) Preservation Funds for the immediate preservation of licensed residential adult and senior care facilities serving applicants or recipients of Supplemental Security Income/State Supplementary Payment (SSI/SSP) or Cash Assistance Program for Immigrants (CAPI), including those who are experiencing or at risk of homelessness. The CCE Preservation Funds include operating subsidies and funds for capital projects.

Counties accepting these funds will be responsible for the administration and disbursement of funds to existing licensed adult and senior care facilities serving the prioritized population, consistent with the state guidelines provided within this funding announcement.

The California Department of Social Services (CDSS) is contracting with Advocates for Human Potential, Inc. (AHP), a consulting and research firm focused on improving health and human services systems, to serve as the third-party administrator for the CCE program.

I. PROGRAM BACKGROUND

California has a shortage of adult and senior care facilities (e.g., Adult Residential Facilities [ARFs] and Residential Care Facilities for the Elderly [RCFEs]) that accept individuals receiving or applying for SSI/SSP or CAPI. It has also seen a decline in the number of SSI/SSP recipients residing in adult and senior care facilities. The CCE program was established by Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021) to fund capital projects and promote the sustainability of residential adult and senior care facilities and to address historic gaps in the long-term care continuum. The CCE program will provide a total of \$805 million in funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve SSI/SSP

**Community Care Expansion Preservation Program
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and CAPI applicants and recipients, including those who are experiencing or at risk of homelessness.

A total of \$195 million is reserved for the CCE Preservation Funds, which are intended to immediately preserve and avoid the closure of licensed residential adult and senior care facilities serving qualified residents, defined as applicants or recipients of SSI/SSP or CAPI, including the "prioritized population" of qualified residents who are experiencing or at risk of homelessness (WIC sections 18999.97(c)(1) and (2)).

The \$195 million Preservation Funds comprise \$55 million in state general funds for preservation operating subsidy payments and \$140 million in State Fiscal Recovery Funds (SFRF) established by the American Rescue Plan Act (ARPA) of 2021 (Public Law 117-2) for preservation capital projects. Refer to Section II: Allocation and Budget for additional information on the funding available for each of these eligible uses and expenditure deadlines.

California State Priorities

CCE funding opportunities 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

In addition to the CCE Preservation Funds described in this letter, \$570 million is available for the CCE Capital Expansion Program through a joint Request for Applications alongside the Department of Health Care Services Behavioral Health Continuum Infrastructure Program. **The timeline, eligible uses, program guidelines, and eligibility for the CCE Capital Expansion Program are distinct from the CCE Preservation Funds outlined in this letter.** Counties interested in funds to support the creation or expansion of care facilities or other residential care settings to serve recipients or applicants of SSI/SSP or CAPI are encouraged to learn more about the

**Community Care Expansion Preservation Program
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CCE Capital Expansion funds, which are available for acquisition, construction, and rehabilitation to expand adult and senior care facilities serving qualified residents. Please visit the Improving California's Infrastructure website for more information on CCE Capital Expansion funds.

II. ALLOCATION AND BUDGET INFORMATION

Funding Availability

The CCE Preservation Funds identified in this letter total \$195 million in noncompetitive allocations to counties for the immediate preservation of licensed residential adult and senior care facilities serving qualified residents. Note: facilities vendored by regional centers are not eligible for CCE Preservation Funds. However, these facilities and/or operators are encouraged to contact the regional center to request assistance in identifying resources related to capital development or rehabilitation, if applicable.

The CCE Preservation Funds are divided into two components:

- **Operating Subsidy Payments (OSP):** \$55 million is available to fund operating subsidies to existing licensed residential adult and senior care facilities serving qualified residents. The intent of the OSP funds is to preserve and avoid the closure of critical residential adult and senior care facilities. OSP funds can cover an eligible licensed facility's potential or projected operating deficits. Refer to Sections 101 and 201 for more information on OSPs.
- **Capital Projects (CP):** \$140 million is available in capital funds to preserve facilities in need of critical repairs or required upgrades, thereby potentially preventing facility closure, which could result in exits to homelessness. Funds can be applied to physical repairs and upgrades on an approved facility's property, including inside or outside the facility, within its property line. The CP can also fund repairs needed to ensure facilities are compliant with licensing standards. Refer to Sections 102 and 202 for more information on CPs.

**Community Care Expansion Preservation Program
Operating Subsidy Payment and Capital Projects
Notice of Funding Availability**

Funding and match requirements are as follows:

Purpose	Match	Funding Source and Expenditure Timeline	Amount
Operating Subsidy Payments (OSP)	None	State general fund must be obligated by June 30, 2027, and liquidated by June 30, 2029	\$55,000,000
Capital Projects (CP)	10% match	Federal SFRF funds must be obligated by June 30, 2024, and liquidated by December 31, 2026	\$140,000,000
Total CCE Preservation Funds			\$195,000,000

Federal and State Expenditure Timeline

Of the \$195 million in CCE Preservation Funds, the OSP component is funded by state general funds. OSP funds must be obligated by June 30, 2027, and liquidated by June 30, 2029.

The CP component is funded by the SFRF pursuant to ARPA. CP funds must be obligated by June 30, 2024, and liquidated by December 31, 2026.

Allocation Methodology

OSP and CP preservation funds are available to all counties with current licensed facilities serving qualified residents. The noncompetitive allocations are listed in Section 206. A need-based methodology for each county was determined by calculating the proportion of beds in existing licensed facilities currently serving individuals receiving SSI/SSP according to Community Care Licensing Division (CCLD) survey data. Facilities funded by regional centers are excluded and not eligible for CCE Preservation Funds. Refer to “Process to Accept CCE Preservation OSP and/or CP Funds” below for information on how county entities can accept funds.

Funding is not available in the noncompetitive allocation for counties with no qualifying facilities (i.e., no current licensed facilities willing to accept individuals who are applicants or recipients of SSI/SSP, not funded by regional centers). However, a base allocation of \$200,000 may be requested if the county believes there are existing licensed adult and senior care facilities serving applicants or recipients of SSI/SSP or CAPI that were not identified by the need-based methodology. Counties interested in this option must contact cce.preservation@ahpnet.com no later than July 15, 2022.

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Refer to Section 206 to review the counties that fall into this category, as indicated by an asterisk.

Allocations and Awards Timeline

The following table summarizes the CCE Preservation Fund timeline:

Notice of funding availability released	June 10, 2022
Stakeholder webinar	June 17, 2022
Deadline for counties to accept allocations via the Director's Certification	July 15, 2022
Deadline for counties to submit initial Implementation Plan for OSP and/or CP Preservation Funds	October 15, 2022
Deadline for counties to submit final Implementation Plan for OSP and/or CP Preservation Funds	January 15, 2023
Initial award announcements	Continuous; individual award announcements will be issued within 45 days of receipt of a complete Director's Certification
Standard Agreement (contract) with participating counties	AHP will issue a Standard Agreement (contract) for counties within 60 days of county initial Implementation Plan submission

CDSS reserves the right to modify the projected timeline at any time.

Process to Accept CCE Preservation OSP and/or CP Funds

Counties may choose to accept funds for either OSP, CP, or both. If both are accepted, a county must designate one county department to implement both program components. Any county department is eligible to accept the funds; examples include, but are not limited to, social service departments, health departments, aging or adult services, the behavioral health department, or housing and community development departments. However, the same county department must administer both OSP and CP funds.

Counties must accept or decline funds via the Director's Certification in the web portal by July 15, 2022. Counties are encouraged to accept funds as soon as possible to meet the immediate needs of adult and senior care facilities at risk



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of closure. Funds not accepted by July 15, 2022, will be redistributed to counties that confirm an ability to accept additional funds via the web portal.

Award Announcement and Contract

AHP will review responses via the web portal on a rolling basis. Within 45 days of receiving the complete Director's Certification, AHP will issue an award letter.

Following submission of a signed Director's Certification, counties will be required to submit an initial CCE Preservation Funds Implementation Plan. Initial plans are due no later than October 15, 2022. If additional time is needed to seek local approval or to finalize the plan, counties may submit an amended or final Implementation Plan no later than January 15, 2023.

AHP will issue a Standard Agreement (contract) within 60 days of receipt of an initial Implementation Plan. The final Implementation Plan will be attached as an Addendum to the Standard Agreement (contract) and monitored for compliance where appropriate, as well as serve as a starting point for ongoing technical assistance (TA). The Standard Agreement must be signed, submitted, and fully executed with AHP before initial funding can be disbursed.

III. PROGRAM ADMINISTRATION

Summary of Program Requirements

AHP, with direction from CDSS, will award funds and issue contracts for CCE Preservation Funds to interested counties. AHP will use the web platform to obtain Director's Certifications and Implementation Plans.

Counties accepting funds shall be responsible for and asked to certify to the following:

- Submit a Director's Certification of funds acceptance.
- Identify one county department to manage all CCE Preservation Funds (both OSP and CP grants).
- Submit an Implementation Plan outlining how the program will be administered.
- Ensure program administration is consistent with the attached notice of funding availability (NOFA) and executed contract, including application processes, funding disbursement, and monitoring for funding accepted (OSP, CP, or both) for eligible use.
- Ensure facilities receiving funds are in good standing with CCLD at CDSS.
- Maximize funds for preservation of licensed facilities serving qualified residents and the prioritized population and limiting county administrative costs to 10 percent or less.

**Community Care Expansion Preservation Program
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- Provide reports to AHP and CDSS upon request. The reporting frequency is generally expected to be quarterly at minimum; however, additional ad hoc reports may be requested.
- Provide match funds for CP funds of at least 10 percent, either provided by the county or contributed by facilities in receipt of CP funds. Note: OSP funds do not require a county match.

Technical Assistance

AHP has been contracted to offer ongoing general training and TA throughout the life of the CCE Preservation Funds, effective immediately. Topics may include, but are not limited to, permit and licensing requirements, construction plans, oversight and management, braiding of funds, workforce development strategies, racial equity, serving diverse and complex individuals, and leveraging Medicaid and other funding sources for sustainability and budgeting best practices. 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, as well as addressing concerns common to capital development projects serving the prioritized populations.

Counties may request TA by contacting cce.preservation@ahpnet.com.

Additional information about AHP and CCE is available at <https://www.buildingcalhhs.com>.

IV. QUESTIONS AND ADDITIONAL INFORMATION

Contact cce.preservation@ahpnet.com with questions about this letter or attachments.

Additional information to address questions will be provided through a public webinar scheduled for June 17, 2022); an announcement will be forthcoming, following the release of this letter.

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**Community Care Expansion Preservation Program
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Article I – Program Overview

The Community Care Expansion (CCE) Preservation Funds consist of two components: 1) Operating Subsidy Payments (OSP) and 2) Capital Projects (CP).

The unique goals, eligibility, and uses of each component are outlined throughout this attachment. Both components are intended to support the immediate preservation of licensed residential adult and senior care facilities serving qualified residents, defined as applicants or recipients of SSI/SSP or CAPI, including the prioritized population of qualified residents who are experiencing or at risk of homelessness.

Section 101 – Preservation OSP

The intent of the OSP funds is to provide operating subsidies to existing licensed residential adult and senior care facilities to preserve them and avoid their closure, as well as to increase the acceptance of new qualified residents, including the prioritized population. Note: Facilities vendored by a regional center are not eligible for these funds.

OSP funds can cover an eligible licensed facility's potential or projected operating deficits. Operating costs are the costs associated with the day-to-day physical operation (e.g., staffing, utilities, security, maintenance) of qualified facilities. OSP funds will cover operating costs that are not covered by existing revenues. Eligible uses are further defined in Section 205.

Counties accepting OSP funding are required to develop an application, allocation methodology, and award process for eligible licensed facilities consistent with state guidelines outlined in this document. Counties may determine whether they want to provide a set monthly payment or cost reimbursement based on actual costs and expenditures. Examples of each of these options are described below:

- **Set monthly payment:** A county may develop an allocation methodology for a monthly payment based on the number of beds currently occupied by qualified residents. In this scenario, the county shall determine the appropriate monthly amount for the operating subsidy payments that a facility would receive based on local needs. The monthly amount shall be applied at a rate per bed occupied by a qualified resident that month; beds occupied by non-qualified residents may not be included in the allocation methodology. With a set monthly payment, CDSS recommends subsidy payments of at least \$1,000 per bed for qualified residents, unless the county determines, based on their local needs assessment, that the amount should be less than \$1,000 per bed for qualified residents. For example, if the monthly amount is set at \$1,000 and four beds are currently occupied by qualified residents, the facility would receive a total of \$4,000 in OSP funds that

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month. If in the next month there are only three beds occupied by qualified residents, the facility would receive \$3,000.

- **Cost reimbursement:** A county may reimburse facilities based on actual costs and expenditures. The facility can only be reimbursed for the share of eligible operating costs applicable to qualified residents. Counties choosing to use a cost reimbursement method should provide a template tool for facility applicants to project their operating costs and deficits for a set period. For example, if 25 percent of a facility's beds are occupied by qualified residents, then the facility may request reimbursement for 25 percent of that month's eligible operating costs. Each month, the total reimbursed may vary due to changes in monthly operating costs as well as changes in the number of qualified residents in a facility.

Consistent with Welfare and Institutions Code (WIC) section 18999.97, facilities in receipt of OSP shall be deed restricted to provide licensed adult and senior residential care for at least the length of time the county will provide operating subsidy payments. A deed restriction on the title of the property safeguards the property for purposes consistent with the grant for the duration of the contract performance period. A deed restriction must be recorded on the title to the property before the county can approve any OSP. As such, facility operators that are leasing the property must obtain the owner's consent for the deed restriction.

The length of time each county will provide OSP may vary depending on the county's OSP allocation, the number of facilities in receipt of OSP, and the amount of the monthly OSP. For example, a county determines they will provide OSP to eligible facilities over the course of 3 years. This duration of 3 years was determined based on the county's allocation and number of facilities the county prioritized to receive OSP. In this example, all facilities receiving OSP shall be deed restricted to provide licensed adult and senior residential care for at least the 3 years that the county will provide OSP via the CCE Preservation Funds.

Counties may request further technical assistance (TA) regarding how to establish processes to ensure properties are deed restricted, consistent with the statutory requirements, by contacting Advocates for Human Potential, Inc. (AHP) at cce.preservation@ahpnet.com.

Note: OSP must be used to cover the facility's operating deficits. SSI/SSP or CAPI recipients may not receive free or reduced amount for board/room or care or supervision as a result of the OSP funding. OSP funding must not supplant the recipient's payment to the facility or supplement their board/room charge.

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Section 102 – Preservation CP

The CP component of the CCE Preservation Funds provides capital funds to preserve facilities in need of repairs or required upgrades, thereby potentially preventing a facility closure and exits to homelessness. Funds can be applied to physical repairs and upgrades on an approved facility's property, including inside or outside the facility, within its property line. The CP funds can also be used for repairs needed for facilities to ensure they are compliant with licensing standards. Eligible uses are further defined in Section 205.

Counties accepting CP funding are required to develop an application, allocation methodology, and award process for eligible licensed facilities that are currently serving qualified individuals.

Article II – Eligible Recipients and Expenditures

CCE Preservation noncompetitive allocations will be distributed to the county department designated by the county, once they are accepted through the process described in Section 302. If both OSP and CP funds are accepted, one county department must manage both programs. Examples of county departments may include, but are not limited to, the housing development department, aging or adult services, or the behavioral health department. The department implementing OSP and/or CP should collaborate closely with behavioral health and homelessness systems of care to implement the program.

The designated county department will be responsible for the program administration, funding disbursement, and monitoring for OSP and CP to eligible licensed facilities, as applicable, as described in Sections 302 and 402, respectively.

Counties accepting OSP and/or CP funds must provide information via an Implementation Plan that outlines how the county's funding application and dissemination process will target facilities that meet the eligibility and prioritization criteria outlined below. More information on the Implementation Plan is included in Section 301.

Section 201 – Preservation OSP Eligible Recipients

OSP funds are intended to provide operating subsidies to existing licensed eligible residential adult and senior care facilities to preserve and avoid their closure, and to increase the acceptance of new qualified residents, including the prioritized population.

To receive OSP funding, facilities must meet the following eligibility criteria:

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1. Be an existing licensed Adult Residential Facility (ARF), as defined in Title 22, section 80001(a)(5) of the California Code of Regulations; Residential Care Facility for the Elderly (RCFE), as defined in Title 22, section 87101(r)(5) of the California Code of Regulations; or Residential Care Facility for the Chronically Ill (RCFCI), as defined in Title 22, section 87801(r)(5) of the California Code of Regulations;
2. Currently serve at least one qualified resident;
3. Be in good standing with the Community Care Licensing Division (CCLD) or certify that the capital project funds will bring them into good standing, defined as licensees in “substantial compliance” with licensing statues and regulations per Title 22, sections 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7) of the California Code of Regulations; and
4. Have a critical monthly or annual operating and cash flow gap that places the facility at risk of closure or at risk of reducing the number of beds for qualified residents.

Facilities may certify that they meet these eligibility criteria through a written statement or attestation as part of the application process. Although counties may request further documentation when needed, CDSS encourages counties to develop streamlined and low-barrier applications to facilitate timely awards.

To accept funds, facilities must also agree to meet the following conditions **throughout implementation**:

1. Use funds in accordance with the eligible uses outlined in Article II as well as the program requirements outlined in Article IV and throughout this NOFA.
2. Agree to continue serving applicants or recipients of SSI/SSP or CAPI.
3. Agree to prioritize applications from qualified residents who are currently experiencing or at risk of homelessness.
4. Remain in good standing with CCLD.
5. Consistent with WIC section 18999.97(f), include a deed restriction to provide licensed adult and senior residential care for the length of time the grantee provides operating subsidy payments.

Counties shall monitor adherence to these requirements and ensure that facilities continue to meet the standards outlined above throughout program implementation. Counties will be responsible for reporting on the adherence to these requirements through regular program reports, as further described in Section 401.

Section 202 – Preservation CP Eligible Recipients

CP funds are intended to preserve essential residential adult and senior care facilities in need of resources for repairs or required upgrades and that serve qualified residents and the prioritized population.

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To receive CP funding, facilities must meet the following eligibility criteria:

1. Be an existing licensed Adult Residential Facility (ARF), as defined in Title 22, section 80001(a)(5) of the California Code of Regulations; Residential Care Facility for the Elderly (RCFE), as defined in Title 22, section 87101(r)(5) of the California Code of Regulations; or Residential Care Facility for the Chronically Ill (RCFCI), as defined in Title 22, section 87801(r)(5) of the California Code of Regulations;
2. Currently serve at least one qualified resident;
3. Be in good standing with CCLD or certify that the capital project funds will bring them into good standing, defined as licensees in “substantial compliance” with licensing statues and regulations per Title 22, sections 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7) of the California Code of Regulations; and
4. Have a critical gap in their financial ability to make the needed repairs or upgrades, placing the facility at risk of closure or at risk of reducing the number of beds for qualified residents.

Facilities may certify that they meet these eligibility criteria through a written statement or attestation as part of the application process. Although counties may request further documentation when needed, CDSS encourages counties to develop streamlined and low-barrier applications to facilitate timely awards.

To accept funds, facilities must also meet the following conditions **throughout implementation**:

1. Use funds in accordance with the eligible uses outlined in Article II, as well as the program requirements outlined in Article IV and throughout this NOFA.
2. Agree to continue serving applicants or recipients of SSI/SSP and CAPI.
3. Agree to prioritize applications from qualified residents currently experiencing or at risk of homelessness.
4. Remain in good standing with CCLD.

Note: Counties may require that facilities receiving CP funds include a deed restriction on the property that the facility be used to provide licensed adult and senior residential care for a period of time specified by the county. CDSS recommends counties include a deed restriction of 5 years or the length of time the county determines appropriate, relative to the amount of funds awarded to the facility. For example, it may be appropriate to require deed restriction for more than 5 years when a facility receives CP funds in excess of \$250,000.

Although CDSS recommends a deed restriction, in some cases it may not be feasible for the operator to agree to a deed restriction. For example, operators receiving CP

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funds may not be able to agree to a deed restriction when the operator does not own the facility. In those cases, the county should include another form of agreement specifying the operator will continue to serve the qualified population and prioritize people experiencing or at risk of homelessness, as appropriate.

Counties shall monitor adherence to these requirements and ensure that facilities continue to meet the standards outlined above throughout program implementation. Counties will also be required to report on adherence to these requirements through regular program reports, as further described in Section 401.

Section 203 – Ineligible OSP or CP Recipients

Facilities vendored by regional centers are not eligible for OSP or CP funds.

Section 204 – Facility Prioritization Criteria

Counties shall distribute funds to facilities in a manner that supports the overall goal to preserve eligible facilities and increase beds for qualified residents and the prioritized population. Counties shall use the following criteria to prioritize eligible facilities for CCE Preservation Funds:

1. Facilities at the highest risk of closure that can be prevented through OSP or CP funds.
2. Facilities with the highest percentage or number of qualified residents served.

In addition to the criteria outlined above, counties may establish additional facility prioritization criteria to address local needs and the overall goals of the CCE Preservation Program.

Information on prioritization will be requested as part of the Implementation Plan.

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Section 205 – Eligible/Ineligible Expenditures

A. County Uses for OSP and CP:

- Funds must be used to supplement, not supplant, other funding available from existing local, state, or federal programs or grants with similar purposes (i.e., existing funds used to support the prioritized population).
- County administrative costs must be minimized, not to exceed 10 percent.
- The remaining funds outside of administrative costs are to be distributed to the eligible and selected licensed adult and senior care facilities.

B. Eligible OSP Facility Costs:

Operating costs are associated with the day-to-day physical operation of the qualified setting. The OSP is intended to help facilities cover facility operating deficits. These settings often have costs that exceed the revenue totals each month when they are caring for individuals applying for or receiving SSI/SSP or CAPI. Funds must be used to supplement, not supplant, any existing funds used to support the prioritized population.

Eligible uses of OSP funds may include the following:

- Utilities, including heating, water, sewer, telephone, broadband and internet, and common area utilities
- Maintenance and repairs, including supplies, trash removal, snow removal, pest control, grounds upkeep and landscaping, and painting
- Staff and payroll costs required to sufficiently operate the licensed facility, including administrative, maintenance, and security staff/payrolls; staffing costs must be attributed to the facility as a whole and not in direct service or support of any single individual
- Marketing and leasing, including advertising, credit investigations, and leasing fees
- Taxes and insurance, including real estate taxes and property insurance
- Office supplies and expenses
- Accounting, such as tax filings, audits, and reporting to investors associated with the operation of the qualified facility
- Strategic planning and coordination with local health, social services, or homelessness systems of care to support sustainable long-term facility operations

Refer to Section 101 for more information about how to determine a facility's OSP.

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C. Excluded OSP Facility Costs:

Expenses that are not eligible to be covered by the OSP funds include the following:

- Expenses unrelated to operational costs
- Sponsor distributions
- Expenses or fees related to change in ownership, limited partner buyout, substitution, or assignment of ownership interest
- Expenses or fees related to tort or contract liability

D. Eligible CP Facility Costs:

CP funds can be applied to physical repairs and upgrades on an approved facility's property, inside or outside the facility, within its property line. Funds must be used to supplement, not supplant, any existing funds used to support the prioritized population.

Examples of common allowable costs could include but are not limited to the following:

- Weather stripping repair
- Outdoor activity space upgrades
- Perimeter fencing
- Delayed egress
- Repairs to holes in walls
- Signal system upgrade (e.g., egress and ingress systems, signals/alarms on doors, integration to personal emergency responses systems)
- Elevator repairs
- Water damage repairs
- Appliance upgrades
- Furniture upgrades
- Locked storage area upgrades
- Fire protection upgrades
- Fire alarm systems upgrades
- Employee accommodations upgrades (e.g., break rooms)
- First aid supply upgrades
- Windows and screens repair and upgrades
- Carpet and flooring upgrades
- Interior paint upgrades
- Roof repairs or replacement
- ADA upgrades and other upgrades to improve mobility and accessibility
- HVAC repairs

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- Repairs or upgrades to bedrooms, bathrooms and showers, common areas, kitchens (note: repairs or upgrades may not increase square footage of the facility)
- Seismic upgrades to applicable facility types with two stories or more
- Solar panel purchasing, installation, and other upgrades that will reduce long-term operating costs
- Other sustainable/green or energy-efficient building upgrades

Capital projects may include physical repairs or upgrades that will prevent the facility from closure and place the facility back in good standing with CCLD, when applicable.

E. Excluded CP Facility Costs:

Expenses that are not eligible to be covered by the CP funds include the following:

- Foundations for leased properties
- Projects that would expand or create a new usable space that would increase the square footage of the facility (see the CCE Capital Expansion RFA on the [Improving California’s Infrastructure website](#))
- Provision of services
- Operating costs (facilities should apply for OSP funds if they have operating cost needs)

Section 206 – County Allocations

The following table lists the one-time allocation amounts available for all counties with current licensed facilities serving qualified residents according to CCLD.

Director’s Certification to accept the base allocation must be submitted in the web portal by July 15, 2022. Counties should review [Section II](#) for instructions on how to accept funds.

County	OSP Allocation	CP Allocation
Alameda	\$1,519,607	\$4,136,116
Alpine	-	-
Amador	\$200,000	\$200,000
Butte*	-	-
Calaveras	\$200,000	\$ 200,000
Colusa	-	-
Contra Costa	\$1,189,741	\$3,238,276
Del Norte	-	-

County	OSP Allocation	CP Allocation
Placer	\$200,000	\$534,669
Plumas	-	-
Riverside	\$1,779,052	\$4,842,283
Sacramento	\$2,416,546	\$6,577,434
San Benito*	-	-
San Bernardino	\$2,787,182	\$7,586,243
San Diego	\$3,346,842	\$9,109,544
San Francisco	\$1,497,369	\$4,075,588

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County	OSP Allocation	CP Allocation
El Dorado	\$200,000	\$200,000
Fresno	\$1,100,789	\$2,996,162
Glenn	\$200,000	\$200,000
Humboldt	\$200,000	\$200,000
Imperial	\$200,000	\$413,612
Inyo*	-	-
Kern	\$830,224	\$2,259,732
Kings	\$200,000	\$200,000
Lake	\$200,000	\$200,000
Lassen	\$200,000	\$200,000
Los Angeles	\$19,654,821	\$53,497,135
Madera	\$200,000	\$242,114
Marin	\$218,675	\$595,197
Mariposa	-	-
Mendocino	\$200,000	\$200,000
Merced	\$200,000	\$232,026
Modoc	-	-
Mono	-	-
Monterey	\$644,906	\$1,755,327
Napa	\$200,000	\$200,000
Nevada	\$200,000	\$200,000
Orange	\$4,636,655	\$12,620,199

County	OSP Allocation	CP Allocation
San Joaquin	\$1,337,996	\$3,641,800
San Luis Obispo	\$200,000	\$373,259
San Mateo	\$819,105	\$2,229,468
Santa Barbara	\$263,151	\$716,254
Santa Clara	\$1,619,679	\$4,408,495
Santa Cruz	\$478,120	\$1,301,363
Shasta	\$200,000	\$373,259
Sierra	-	-
Siskiyou	\$200,000	\$200,000
Solano	\$574,486	\$1,563,654
Sonoma	\$340,985	\$928,104
Stanislaus	\$1,515,901	\$4,126,028
Sutter	\$544,835	\$1,482,949
Tehama	\$218,675	\$595,197
Trinity	\$200,000	\$200,000
Tulare	\$448,469	\$1,220,659
Tuolumne	\$200,000	\$200,000
Ventura	\$563,367	\$1,533,389
Yolo	\$200,000	\$282,466
Yuba	\$200,000	\$200,000
TOTAL	\$54,747,179	\$142,488,003

*Counties marked with an asterisk have licensed facilities, but the allocation methodology used did not match the licensed facilities (not vended by regional centers) with any recipients or applicants of SSI/SSP or CAPI. If the county is aware of eligible adult and senior care facilities not funded by regional centers that are currently serving recipients or applicants of SSI/SSP or CAPI, a base allocation of \$200,000 may be requested by contacting cce.preservation@ahpnet.com by July 15, 2022.

Note: CDSS is in the process of developing guidelines and funding available for tribes, which will be outlined in a separate correspondence.

Article III – County Program Implementation Requirements

Section 301 – County Implementation Plan

Counties accepting OSP and CP will be responsible for the administration, dissemination, and monitoring of the CP and OSP grant funds. Counties may select a third-party administrator to facilitate and manage the disbursement of funds. Counties accepting funds are required to submit an Implementation Plan describing how they will



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operationalize the CCE Preservation Funds. An initial or draft Implementation Plan is due by October 15, 2022. Counties may submit amended or final Implementation Plans, including approvals by County Board of Supervisors (if required by the county's funding approval processes), no later than January 15, 2023.

The Implementation Plan shall include, but is not limited to, the county's plan to

- Design and implement an application process and/or allocation methodology for OSP and/or CP funds, as applicable;
- Incorporate prioritization criteria into fund distribution process; and
- Monitor use of funds and outcomes in accordance with the guidelines outlined in this section.

AHP will review Implementation Plans as they are received to confirm they are complete and consistent with state guidelines. If needed, AHP will request a consultation with the county to solicit additional information or request edits to the Implementation Plan to be consistent with state guidelines outlined in this letter.

It is important that the county strategy for design and review of eligible CCE Preservation Fund projects is co-designed with persons with lived experience consistent with the county's identified priority populations, which may include, but are not limited to, persons with lived experience of homelessness, behavioral health and/or substance use disorders; people with disabilities; and with other marginalized communities including Black, Indigenous, and people of color (BIPOC) at risk of or experiencing homelessness. County agencies should rely on local data to account for racial inequities and disparities experienced by persons experiencing homelessness in the application evaluation process. Early engagement of key stakeholders with lived experience is essential for establishing equity as the foundation for these settings.

Counties must budget the program appropriately to ensure facilities with the greatest risk of closing and serving the highest proportion of qualified individuals have access to the CCE Preservation Program OSP and CP funds. Counties must minimize administrative costs while maximizing OSP and CP funds to facilities.

Section 302 – Fund Disbursement

The fund disbursement process for counties is outlined below. For the purposes of this section (Section 302 – Fund Disbursement), “subgrantee” refers to the facility (e.g., ARF, RCFE) receiving CP or OSP funds from a county grantee. Additional details will be included in the Standard Agreement issued by AHP upon county acceptance of funds. Please also see Addendum A for examples of various scenarios for CP fund disbursement.

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A. Disbursement of OSP Funds to Selected Facilities:

Counties shall follow established county procurement, invoicing, and reimbursement processes and execute formal agreements or contracts with the approved subgrantees to govern the use of the Preservation OSP funds. A Funding and Disbursement Agreement (FDA) is one example of the kind of document that could be issued by counties in this context. Agreements must be executed between the county department providing the funds and the approved facility receiving funds. Execution of the grant agreement award shall not automatically trigger a disbursement of funds.

County agreements with subgrantees should, at minimum, delineate the following:

- The subgrantee's reporting responsibilities, including key metrics and data (see Section 401)
- The uses of OSP funds.
- The conditions under which OSP funds may be accessed.
- The procedures and approvals needed for accessing OSP funds.
- Per WIC section 18999.97(f), a requirement that the facility be deed restricted to provide licensed adult and senior residential care for at least the length of time the county will provide OSP.
- Any conditions that would cause repayment of funds or cancellation of future budgeted funds.
- A requirement that facilities in receipt of CCE Preservation Program grant funds provide their annual audit within 90 days of the end of their fiscal year, if applicable. If a subgrantee meets the threshold for a federal single audit, a copy of the most recent single audit must be provided. Note: any entity expending \$750,000 or more of federal funds in a fiscal year is required to have an annual single audit per the federal Super Circular Uniform Guidance (45 CFR Part 75).
- Required reporting, including reporting any material events such as change of key staff, lawsuit filed against the organization, etc. within 30 days of said event occurring.
- A requirement that subgrantees indemnify the county against any claims, suits, etc. that could be made against the entity.

As part of the OSP contract, a system should be established to manage the disbursement of funds. Counties can work with subgrantees to determine frequency and timing of disbursements as long as it is documented in the contract; however, counties are responsible for ensuring that subgrantees continue to meet the program requirements as outlined in this NOFA.

More specific details about contractual pass-through requirements for counties will be outlined in the Standard Agreement upon contract execution with AHP. Detailed

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information about disbursement and contract management with subgrantees in receipt of CCE OSP funds is also available through tailored TA upon request. To request TA, contact cce.preservation@ahpnet.com.

B. Disbursement of CP Funds to Selected Facilities:

Counties shall follow established county procurement, invoicing, and reimbursement processes, consistent with State Fiscal Recovery Fund (SFRF) requirements, and execute formal agreements or contracts with the approved facilities to govern the use of the CCE CP funds. Award and disbursement of CP funds requires an executed agreement between the county and subgrantee. Execution of the grant agreement award shall not automatically trigger a disbursement of funds.

County subgrantee agreements should, at minimum, delineate the following:

- The subgrantee's reporting responsibilities, including key metrics and data.
- Potential for requests of information from CDSS and AHP for ad hoc reports, or other required documentation such as eligibility of qualified residents.
- The uses of CP funds.
- The conditions under which CP funds may be accessed.
- The procedures and approvals needed for accessing CP funds, including details on the disbursement and construction draw approvals process.
- The requirements of an open- or closed-bid process.
- Any conditions that would cause repayment of funds or cancellation of future budgeted funds.
- A requirement that facilities in receipt of CCE Preservation Program grant funds provide their annual audit within 90 days of the end of their fiscal year, if applicable. If a subgrantee meets the threshold for a federal single audit, a copy of the most recent single audit must be provided. Note: any entity expending \$750,000 or more of federal funds in a fiscal year is required to have an annual single audit per the federal Super Circular Uniform Guidance (45 CFR Part 75).
- Required reporting, including reporting any material events such as change of key staff, lawsuit filed against the organization, etc. within 30 days of said event occurring.
- A requirement that subgrantees indemnify the county against any claims, suits, etc. that could be made against the entity.
- If applicable, the requirement of a deed restriction to provide licensed residential care for a period of time designated by the county.

Counties shall follow their standard disbursement and construction draw processes while ensuring all of the following components required by state and federal regulations, including SFRF requirements, are included in those processes:

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- Qualification statements from construction professionals that have been reviewed and approved
- Final plan and cost review that has been approved
- Final, stamped plans and specifications
- Final executed contract and project budget (schedule of values)
- Project scope and timeline
- All final permits
- Prevailing wage attestation
- Payment and performance bond or executed letter of credit

More specific details about contractual pass-through requirements for counties will be outlined in the Standard Agreement upon contract execution with AHP. Detailed information about disbursement and contract management with facilities in receipt of CCE Preservation Program funds is also available through tailored TA upon request. To request TA, contact AHP at cce.preservation@ahpnet.com.

C. Management of CP Funds with Selected Subgrantees:

Counties accepting CP funds will be required to outline how they will manage the funds via the Implementation Plan. Counties are strongly encouraged to reach out to cce.preservation@ahpnet.com if they require TA in implementing the management of CP funds with selected subgrantees.

Counties will be required to describe their intended CP fund management processes in their Implementation Plan, subject to review and approval by AHP. The description must include how the county or third-party administrator will manage the CP application and fund disbursement process. It must also describe circumstances as to when the subgrantee (i.e., facility) would be allowed to manage the construction/rehabilitation project independent of direct oversight from the county or third-party administrator. The county should carefully consider this option to determine when it is appropriate to allow a facility to manage the construction project directly. The county shall only allow this option when the county can ensure that the entity awarded is capable of sufficiently managing the construction process oversight from start to completion. Considerations of a subgrantee's ability to sufficiently manage the process may include the cost of the project, the complexity of the project, or the subgrantee's previous development management experience. Counties considering this option should weigh the risks of individual subgrantee management on a case-by-case basis.

Regardless of how the county decides to manage the funds, the county has ultimate responsibility for compliance with the funding instructions attached to this NOFA.

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Counties will be required to include the following details about CP fund management in their Implementation Plan, subject to review and approval by AHP:

- Attestation of the county's capacity and ability to manage the CP application process for construction as part of their Implementation Plan. The county should include detailed administrative plans for project management tasks such as developing and managing a scope of work, general contractor engagement, construction project management, close out, and regular project status reporting. If the county chooses to contract administration of this program to a third-party entity, this must be indicated in the Implementation Plan and accompanied by the agreement or contract that outlines oversight plans and expectations.
- Assessment of subgrantee financial feasibility and adherence to program requirements to ensure subgrantees have sufficient staff capacity and financial resources (i.e., working capital/liquidity) to manage the facility during and after construction.
- Clarification of the process, documentation, and approval requirements that will trigger the fund disbursement for approved CP projects.
- Review of the subgrantee's plan to relocate residents (if needed) to maintain levels of care during the capital preservation project period.
- Identification of necessary metrics and dedicated staff for proper monitoring of the CP fund disbursements.
- Development and management of the CP draw process for construction, which includes
 - Verifying all contractors and subcontractors are meeting prevailing wage standards for a public works project and
 - Identifying a process to track change orders.
- Management of post-construction compliance, financial accountability, reporting, and documentation per the requirements of CCE Preservation funding
- Monitoring of subgrantee projects during the 5-year compliance period
- Management and retention of all project, monitoring, and reporting documentation for the required archival period.

To further mitigate construction risks, it is recommended general contractors registered with the California Department of Industrial Relations (DIR) provide the following documents to counties:

- **Payment & Performance (P&P) Bond:** A P&P bond is required for all construction projects of \$1,000,000 or more. The bond must be issued by a rated company, for both payment and performance, as Dual Obligatee with the county or its designee as additionally insured. Any exception to this must be stated within the grant agreement and be approved by the State.
- **Letter(s) of Credit:** In the event a project is small, or the risk is determined to be low, an irrevocable letter of credit may be accepted in lieu of a P&P bond.

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- **Certification of Compliance:** General contractors must submit a certification of compliance to the awarding county department certifying that the construction contractor shall comply with California’s prevailing wage and working hours laws (including posting job notices, as required by Labor Code section 1720). From time to time, additional documents that are not stated here may be required, depending on the unique risks of the transaction.
- **Prevailing Wage Attestation:** Contractors provide this to the administering oversight body as part of the contract execution process, certifying compliance with California’s prevailing wage and working hours laws and all applicable federal prevailing wage laws.

Additional documents that are not stated here may be required depending on the unique risks of the transaction.

Section 303 – Preservation Capital Projects Funding Match

Counties are required to match at least 10 percent of the CP funds accepted and awarded to them. Match may be provided by the county or contributed in whole or in part by the subgrantee awarded CP funds. However, counties are responsible for ensuring that the 10 percent match is met. For example, a county awarding a project that will cost \$50,000 could contribute \$5,000 in county American Rescue Plan Act (ARPA) funds to the project or require that the applicable subgrantee contribute \$5,000 in cash to the project.

Note: Match is not required for OSP funds.

Counties will describe their proposal for matching CP funds in the Implementation Plan, including identifying whether the county will provide the match itself or whether all or a portion of the match will be contributed by facilities awarded CP funds. Counties will also be required to certify that match requirements will be met and include any match sources committed to this contract in the Standard Agreement executed with AHP. If facilities will be required to contribute any part of the match, this must also be outlined in the Standard Agreement with the county.

Match in the form of cash and in-kind contributions, including the real costs previously incurred by a project, will be allowed. All “in-kind” amounts must be well documented and notarized. CDSS must approve all match sources that are not described below.

Cash match may come from

- ARPA funds granted to counties and cities,
- Local funding,
- Mental Health Services Act funds in the 3-year plan (considered “other local”),

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- Foundation/philanthropic support,
- Loans or investments,
- Cash on hand, and
- Incentive payments from managed care plans

“In-kind” match may be in the form of

- Sunk costs directly related to a development project, or costs directly related to a development project that have already been incurred and cannot be recovered, with documentation of paid invoices for professional services related to pre-development of the specific grant application, as approved on a case-by-case basis by CDSS. Any match claimed under sunk cost must supplement, not supplant, other fund sources.
- Donations of professional design-build services, materials directly related to the development project.

Services to clients will not be allowed as match. State general funds may not be used as match.

Section 304 – Service Use Terms

For the purpose of this section, “service use terms” means a deed restriction on the title of the property, safeguarding the property for purposes consistent with the grant for the duration of the contract performance period. A deed restriction must be recorded on the title to the property before the county can approve any OSP payments. As such, facility operators that are leasing the property must obtain the owner’s consent for the deed restriction. The county, at their discretion, may also require that a deed restriction be recorded on the title to the property before approving CP projects. However, deed restrictions are required by statute for only those facilities in receipt of OSP funds.

Article IV – Preservation Program Requirements

Section 401 – Data Collection and Reporting

A. Data Reports:

Counties will be required to report on items related to use of funds and number of beds preserved. Examples of OSP and CP data collection items may include, but are not limited to, the following:

- The number of facilities requesting OSP or CP reimbursement and amount of funds requested
- The number of facilities receiving funds and amount of funds awarded

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- The number of retained residents who are receiving or applying for SSI/SSP or CAPI benefits
- The total number of residents, the number of current qualified residents, and any new qualified residents who move into the facility
- A brief description of how the CP or OSP funds were used to benefit the qualified residents and prioritized population

B. The HUB – Data Reporting System:

The HUB is a data portal that will be made available to all counties, through AHP, for the purpose of reporting data and meeting programmatic as well as federal fiscal reporting requirements. Each county will then provide subgrantee facilities with a separate secure portal for uploading and providing all required monitoring information. The site will also provide business-hour access to liaison staff who can answer questions related to the completion of required forms.

C. American Rescue Plan Act (ARPA) Data Reporting Requirements:

Counties will be required to follow the U.S. Treasury Department rules on ARPA uses, data collection, and reporting requirements. CDSS reports expenditures and outcomes on behalf of grantees, and requested information included in the reporting is subject to change.

Section 402 – Monitoring and Program Oversight

As recipients of state and federal funding from pass-through entities (CDSS and AHP), counties are responsible for compliance with federal and state regulations attached to the funding accepted, including fund administration, fiscal and project management, reporting, and compliance monitoring.

Each participating county department will be responsible for managing the day-to-day operations of its CCE Preservation Funds program, including establishing methods, processes, and procedures to determine best practices for the efficient delivery of CCE Preservation Funds. Counties will likewise be expected to ensure that these funds are used in accordance with program requirements and written agreements and to take appropriate action, should any performance problems arise. County procedures must include a corrective action plan for assessing risk of activities and projects and for monitoring facilities to ensure that the requirements in this section are met.

Each county must, insofar as is feasible, distribute CCE funds geographically within its boundaries, according to the priorities of needs identified by the county analysis of facilities at highest risk for closure serving qualified residents.

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The county shall be subject to monitoring by CDSS, its contractor AHP, and/or its community development financial institution (CDFI) subcontractor for compliance with the provisions of this NOFA and the executed contract. Such monitoring activities may include, but are not limited to, inspection of the county's grantees' and/or subgrantees' services, procedures, books, and records, as CDSS or AHP deems appropriate. CDSS or AHP may conduct monitoring activities at any time during the county's contractors' and/or subcontractors' normal business hours. CDSS may conduct a review of the county's contractors' and/or subcontractors' records to determine if any of the claimed expenditures were an improper use of grant funds.

Article V – Authorizing and Applicable Law

Authorizing law for CCE Preservation OSP and CP: Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021)

Section 501 – Federal and State Program Requirements

A. ARPA:

Counties will be required to follow the Treasury rules on ARPA uses, data collection, and reporting requirements.

B. Reporting Requirements:

Reporting requirements will include quarterly reports and a final report, along with an annual CCE Preservation Program and Expenditure Report. 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 HUB data portal shall be in such form and contain such information as required by CDSS, as appropriate, in its sole and absolute discretion.

These requirements will be fully detailed upon award. In addition to the foregoing, each county shall submit to CDSS or AHP such periodic reports, updates, and information as deemed necessary by CDSS to monitor compliance and/or perform program evaluation. Any requested data or information shall be submitted electronically in a format provided by CDSS or its administrative entity, AHP. Additional reporting requirements may be required by CDSS for up to the applicable service use terms after completion of project construction.

C. Prevailing Wage:

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All “projects” that receive preservation capital funds over \$1,000 must utilize Prevailing Wage Rates as defined by the Prevailing Wage Law (Labor Code section 1720, et seq.). It is the contractor’s responsibility to abide by the apprenticeship requirements and reporting under that law. Projects are subject to compliance monitoring and enforcement by DIR. County departments will be required to submit a Certification of Compliance to AHP as part of the contract execution process, certifying that the county shall comply with all applicable local, state, and federal prevailing wage and working hours laws. The Certification of Compliance will also state that the county shall maintain its labor records in compliance with all applicable local, state, and federal laws, and shall make all labor records available to DIR and any other applicable enforcement agencies upon request.

D. Local Building Codes:

All preservation and construction projects must meet state or local residential and building codes, as applicable, or, in the absence of a state or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. The housing must meet the applicable requirements upon project completion.

E. Reasonable Costs:

Consistent with county procurement processes, each county shall ensure there is a systematic process in place for determining and confirming “reasonable costs” within and throughout each project, as well as a systematic check-and-balance method for distributing funds to facilities.

F. Land Use Exemption:

Any project that receives CCE Preservation Program funds shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and any applicable coastal plan, local or otherwise, and allowed as a permitted use, within the zone in which the structure is located, and shall **not** be subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals, and shall be deemed a ministerial action under the California Environmental Quality Act (CEQA) (Public Resources Code section 21080) and under section 15268 of Title 14 of the California Code of Regulations (WIC section 18999.97(l); see also CEQA Guidelines).

G. Low-Rent Housing Project Exemption:

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In accordance with WIC sections 5960.35(b)(1) and 18999.98, a project funded with 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:

- 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.
- 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.
- 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.
- The project consists of newly constructed, privately owned, one-to-four-family dwellings not located on adjoining sites.
- The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units.
- 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.
- 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 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.

H. State and Federal Relocation Assistance:

As applicable, all projects must comply with federal and state laws pertaining to relocation assistance and protections that must be provided to people who move as a

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result of government-funded projects (California Government Code (GOV) sections 7260-7277; 42 U.S.C. section 4601 et seq.).

Section 502 – Collaboration, Racial Equity, and Fair Housing

A. Collaboration:

Counties are strongly encouraged to collaborate with other partners, such as local behavioral health and emergency response systems, local Medi-Cal managed care plans, legal aid organizations, and other relevant networks, to maximize available funding to preserve residential facilities, increase referrals, coordinate care, and maximize resources and available supportive services. Information on these collaborations will be requested in future program updates. Counties may not supplant the CCE Preservation Funds with any other funding sources such as the Assisted Living Waiver program or other service use funding provided by the county or other programs.

B. Racial Equity:

It is important that the county department address racial disparities in program design, development, and implementation. It is vital to have early engagement with stakeholders with lived experience of homelessness or mental and/or substance use disorders, people with disabilities, and with other marginalized communities including BIPOC at risk of or experiencing homelessness. County departments should rely on local data to account for racial inequities and disparities experienced by persons experiencing homelessness in the application evaluation process and/or allocation methodology.

C. Fair Housing:

Additionally, per Government Code section 8899.50, each county must also operate its CCE program in a manner that affirmatively furthers fair housing. This means that CCE must be operated in a way that takes “meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.”

Counties should review the reports and resources below for examples of how housing and homelessness programs have incorporated racial equity into programming. Counties are encouraged to seek meaningful input and participation from current and former SSI/SSP or CAPI recipients or applicants, including individuals of color, that go beyond identifying disparities to identify causes of such disparities from individuals with lived experience. Additionally, CDSS or AHP will provide TA opportunities to help counties address racial equity within the CCE program.

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Reports

- [Racial Inequalities in Homelessness, by the Numbers](#)
- [Supporting Partnerships for Anti-Racist Communities \(SPARC\) Phase One Study Findings](#)
- [A Brief Timeline of Race and Homelessness in America](#)
- [Report and Recommendations of the Ad Hoc Committee on Black People Experiencing Homelessness](#)

Resources

- [Equity-Based Decision-Making Framework](#)
- [Framework for an Equitable COVID-19 Homelessness Response](#)
- [Advancing Racial Equity through Assessments and Prioritization \(HUD\)](#)
- California Department of Housing and Community Development's [Guidance on Affirmatively Furthering Fair Housing](#)
- [California Business, Consumer Services and Housing Agency's Homeless Data Integration System](#)

Key Definitions

Qualified resident: For the purpose of this NOFA, per the state statute, applicants or recipients of the Supplemental Security Income/State Supplementary Payment (SSI/SSP) pursuant to Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code and Welfare and Institutions Code (WIC) section 12000 et seq., and applicants or recipients the Cash Assistance Program for Immigrants (CAPI) pursuant to WIC section 18937 et seq., who need the care and supervision that is provided by the licensed facility that receives the grant. "Qualified resident" shall not include SSI/SSP or CAPI applicants or recipients who are receiving services through a regional center.

Prioritized population: Qualified residents who are experiencing, or at risk of experiencing, homelessness.

Adult Residential Facility (ARF): "ARF" has the same meaning as in Title 22 of the California Code of Regulations Section 80001: "any facility of any capacity that provides 24-hour-a-day nonmedical care and supervision to the following: (A) persons 18 years of age through 59 years of age; and (B) persons 60 years of age and older only in accordance with Section 85068.4."

Residential Care Facility for the Elderly (RCFE): "RCFE" has the same meaning as in Title 22 of the California Code of Regulations Section 87101: "a housing arrangement

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chosen voluntarily by the resident, the resident's guardian, conservator or other responsible person; where 75 percent of the residents are sixty years of age or older and where varying levels of care and supervision are provided, as agreed to at time of admission or as determined necessary at subsequent times of reappraisal. Any younger residents must have needs compatible with other residents."

Residential Care Facility for the Chronically Ill (RCFCI): "RCFCI" has the same meaning as in Title 22 of the California Code of Regulations Section 87801: "any place, building, or housing arrangement which is maintained and operated to provide care and supervision to all or any of the following: (A) Adults with HIV disease or AIDS, (B) Emancipated minors with HIV disease or AIDS, or (C) Family units as defined in Section 87801(f)(1) with adults or children or both with HIV disease or AIDS."

California Prevailing Wage: The director of the Department of Industrial Relations (DIR) determines the general prevailing rate of per diem wages in accordance with the standards set forth in Labor Code section 1773. (Labor Code section 1770). Except for "public works," "projects" of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works. (Labor Code section 1771). Prevailing wage is applicable only to work performed under contract, including contracts let for maintenance work, and is not applicable to work carried out by a public agency with its own forces.

Capitalized Operating Subsidy Reserve (COSR [for OSP]): Capitalized operating subsidy reserve means an interest-bearing account maintained by the qualified grantee, the residential adult or senior care facility, or a third-party entity created 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 reserve. The department shall develop guidelines on the qualified grantees' use of COSRs to ensure safeguards for those reserves, based on use in other state programs.

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Acronyms

AHP	Advocates for Human Potential, Inc. – CDSS’s third-party contractor
ARF	Adult Residential Facility
ARPA	American Rescue Plan Act
CAPI	Cash Assistance Program for Immigrants
CCE	Community Care Expansion
CCLD	Community Care Licensing Division
CDFI	Community Development Financial Institution
CDSS	California Department of Social Services
CEQA	California Environmental Quality Act
CP	Capital Projects
FDA	Funding and Disbursement Agreement
OSP	Operating Subsidy Payments
RCFCI	Residential Care Facility for the Chronically Ill
RCFE	Residential Care Facility for the Elderly
SFRF	State Fiscal Recovery Fund
SSI/SSP	Supplemental Security Income/State Supplementary Payment

Addendum A

Examples of CCE CP Fund Disbursement Procedures

Counties shall follow established county procurement, invoicing, and reimbursement processes, consistent with SFRF requirements, and execute formal agreements or contracts with the approved subgrantees to govern the use of the CCE CP funds.

The program management responsibility includes, but is not limited to, ensuring program compliance per the funding source, both for project delivery costs and within each awarded construction project; financial management, including management of the approved administrative budget and grant/loan budget, for each subgrantee by funding source; required data reporting and data retention, documentation, and recordkeeping per CDSS and federal specifications, both for the program and for each subgrantee; and the performance of the program according to the county’s approved Implementation Plan, budget, and unit completion goals.

The following scenarios are offered as examples in the absence of an established county process. If TA is needed to establish fund disbursement procedures, please



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request support in the AHP CCE Preservation Acceptance web portal, or by email at cce.preservation@ahpnet.com. For the purposes of this section, “subgrantee” refers to the facility or entity awarded CCE CP funds.

Scenario #1 – The county establishes the management of each project, including bidding and supporting the selection of contractors and disbursement of funds for rehabilitation/construction scopes of work. This also includes the direct management of funds and contracts with trades and construction firms completing the approved rehabilitation and reconstruction. In this scenario, the county would contract with trades on behalf of the subgrantee (the ARF or RCFE) and act as project manager to monitor the completion of the approved improvement/project.

In this scenario, the county operates in the role similar to that of a general contractor. If a county uses this approach, the county department or agency administering the program should have preexisting experience overseeing construction and development projects of a similar size and complexity as the proposed projects to be funded with CCE CP funds.

Note: It is recommended that the county leverage existing procurement and management systems that currently govern similar capital projects such as HOME, the Community Development Block Grant Program (CDBG), or home improvement projects where the county is designating funds for a specific project with restricted use. AHP can provide TA upon request to assess and advise the applicability, scope, or feasibility of using the county’s existing systems for this project.

In this scenario, the county will work with the approved subgrantee (the ARF or RCFE) to 1) develop a scope of work, 2) select a licensed and certified general contractor through the county procurement process, and 3) manage the construction process. All construction and rehabilitation contracts will be made between the subgrantee (ARF or RCFE) and the general contractor, but the county will manage and disburse the funds upon successful completion of the work.

Under this scenario, the construction management and funds disbursement will follow these steps:

1. **Site inspection and drafting the scope of work:** Upon approval of allocated grant funds, the county will conduct an initial site inspection by a certified construction analyst. Based upon the inspection, the analyst will develop a detailed draft scope of work and review it with the subgrantee.
2. **Bidding and selecting a construction contractor:** Upon approval of this initial scope of work by the county and the subgrantee, the county will conduct a bid conference on site with the subgrantee and interested construction contractors. Within an acceptable period of time after the bid conference, contractors will

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submit construction bids to the county. The county will meet with the subgrantee to have them select their preferred construction contractor.

3. **Finalizing scope of work:** Upon selection of the construction contractor, the scope will be finalized with the subgrantee, and an internal review and approval package will be developed by county staff. Through the CCE program, the subgrantee has been exempted from Environmental Review and an expedited internal approval process for these grantees should be developed in collaboration with other agencies, including the planning agency. *Note: In this scenario, funds are approved but not transferred or allocated directly to the approved subgrantee. This allows the county to mitigate risk involving the use of funds and ensure funds are being used in accordance with the program requirements.*
4. **Signing agreements:** When the above processes are complete, the subgrantee is contacted to sign key documents, including the subgrantee agreement and the construction contract.
5. **Getting started:** Approval of work begins, with county oversight. The contractor is then provided with a Notice to Proceed, and construction can begin. Variance between estimated construction cost at time of bidding and actual cost when work begins can be mitigated through close collaboration between the subgrantee and the county.

In the scenario described above, the county will be responsible for construction management, close out, reviewing the facility's plan for the relocation of residents to a commensurate level of care as necessary, warranty enforcement, and post-construction responsibilities. Where there are already established residents whose service needs may be impacted, the county will collaborate with the subgrantee to ensure disruptions to continuity of care are minimized.

The county will ultimately be responsible for processing all applications from the stage of submission through review, decision/approval, settlement, construction completion, and ongoing program administration.

Scenario #2 – The county contracts with a third party for full management of subgrantee awards

In this scenario, the contracted third party will be responsible for the steps outlined above. County agencies with limited capacity to manage the CCE award and monitoring requirements may want to consider contracting with a third-party organization experienced in developing or rehabilitating residential care facilities to manage the construction bidding, selection of contractors, development of the project scope of work, bidding and validation of eligible expenditures, and final reporting with documentation on use of funds and completion of intended and approved use. In this scenario, all construction bidding processes, direct 1:1 oversight of projects to completion, and

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management of the draw review process could be the responsibility of a third party. Subgrantee award agreements will be executed between the awarded subgrantee and the county and managed with the assistance of a third party.

Scenario #3 – Subgrantee manages awarded funds

In this scenario, the county has determined the awarded subgrantee has the capacity and ability to manage the capital preservation/rehabilitation project. Subgrantees with prior experience rehabilitating or managing tenant improvements can manage the funds either through their own staff or through a memorandum of understanding with an experienced real estate developer or construction manager.

This scenario requires oversight by the county to ensure the subgrantee can document their prior experience or capacity to manage these funds and bring projects to fruition. Attestation of the subgrantee's ability and capacity to manage prevailing wage oversight, provide regular accounting of the funds expended for eligible uses, understand approvals and permitting needed, obtain these approvals and permits, and report on key data points required by the CCE program is recommended. A system to collect and monitor, including onsite inspection, will support the county to manage the grant funds under this scenario.

EXHIBIT A-4
ALL COUNTY WELFARE DIRECTORS LETTER Dated Dec 14, 2022

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December 14, 2022

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY WELFARE DIRECTORS LETTER

The purpose of this letter is to notify All County Welfare Directors of a one-time \$55 million appropriation for Operating Subsidy Payments (OSPs) for the Community Care Expansion (CCE) Preservation Funds as a result of the Budget Act of 2022 (AB 178, Chapter 45, Statutes of 2022). Additionally, counties that did not accept allocations from the Notice of Funding Availability (NOFA) dated June 10, 2022, have another opportunity to accept previously offered funds or indicate their interest in program participation by submitting a Letter of Interest (LOI) no later than Wednesday, January 25, 2023.



KIM JOHNSON
DIRECTOR

CALIFORNIA HEALTH & HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • www.cdss.ca.gov



GAVIN NEWSOM
GOVERNOR

December 14, 2022

TO: ALL COUNTY WELFARE DIRECTORS

FROM: HANNA AZEMATI, DEPUTY DIRECTOR
HOUSING AND HOMELESSNESS DIVISION

SUBJECT: NOTICE OF FISCAL YEAR (FY) 2022--23 AND FY 2021--22
COMMUNITY CARE EXPANSION PRESERVATION FUNDS FOR
COUNTIES

REFERENCE: ASSEMBLY BILL (AB) 178 (CHAPTER 45, STATUTES OF 2022),
AB 172, COMMUNITY CARE EXPANSION PRESERVATION
NOTICE OF FUNDING AVAILABILITY DATED JUNE 10, 2022.

The purpose of this letter is to notify All County Welfare Directors of a **one-time \$55 million** appropriation for noncompetitive allocations of the Operating Subsidy Payments (OSPs) for the Community Care Expansion (CCE) Preservation Funds as a result of the Budget Act of 2022 (AB 178, Chapter 45, Statutes of 2022). These funds are available in addition to funds previously announced in the Notice of Funding Availability (NOFA) dated June 10, 2022.

Counties that did not accept funds in the first release through the NOFA dated June 10, 2022 have another opportunity to accept previously offered funds as outlined in Section V. Counties with populations under 200,000 who are interested but not able to accept funds at this time may indicate interest in program participation by submitting a Letter of Interest (LOI). The LOI process is outlined in Section VI. **The deadline to accept funds or submit an LOI is Wednesday, January 25, 2023.**

This letter also notifies counties of two changes related to the funds announced in the NOFA dated June 10, 2022, outlined further in Section II and Section III below including a change in funding source for Capital Projects (CP) funds as well as the administrative cost limits associated with CCE Preservation Funds.

The California Department of Social Services (CDSS) is contracting with Advocates for Human Potential, Inc. (AHP), to serve as the third-party administrator for the CCE program.

I. **BACKGROUND**

The CCE program was established by AB 172 (Chapter 696, Statutes of 2021) to fund capital projects and promote the sustainability of residential adult and senior care facilities and to address historic gaps in the long-term care continuum. The CCE program provides funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve people receiving or applying for Supplemental Security Income/State Supplementary Payment (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI), including those who are experiencing or at risk of homelessness.

The **CCE Preservation Funds** are for the immediate preservation of licensed residential adult and senior care facilities serving applicants or recipients SSI/SSP or CAPI, including those who are experiencing or at risk of homelessness. The CCE Preservation Funds are divided into two components:

- 1) **Operating Subsidy Payments (OSP)** to fund operating subsidies to existing licensed residential adult and senior care facilities serving qualified residents. OSP funds can cover an eligible licensed facility's actual or projected operating deficits.
- 2) **Capital Projects (CP)** to preserve facilities in need of critical repairs or required upgrades, thereby potentially preventing facility closure, which could result in exits to homelessness. Funds can be applied to physical repairs and upgrades on an approved facility's property, including inside or outside the facility, within its property line. The CP funds can also fund repairs needed to ensure facilities are compliant with licensing standards.

The NOFA dated June 10, 2022, announced a total of \$197.5 million in noncompetitive allocations for all counties with eligible licensed residential adult and senior care facilities. This funding was appropriated through the Budget Act of 2021. Counties were required to accept or decline all or a portion of the OSP and/or CP allocation(s) via Director's Certification by July 29, 2022. Through this process, thirty-five out of forty-seven eligible counties accepted over \$187 million in noncompetitive allocations. Program requirements and guidance for the CCE Preservation Funds are outlined in the NOFA dated June 10, 2022.

II. **FY 2022-23 FUNDING AVAILABILITY**

The Budget Act of 2022 appropriated an additional, one-time \$55 million to fund OSPs. CDSS will reserve up to five percent of the funds for state operations and

administration. The remaining \$52,250,000 will be available to counties via a needs-based allocation methodology, as reflected in Section IV.

A summary of total CCE Preservation funding amounts provided to counties in FY 2021--22 and FY 2022--23 is outlined in the table below. The FY 2022--23 OSP funds have the same expenditure deadlines as the FY 2021--22 OSP funds.

Additionally, the funding source for CP funds has changed from State and Local Fiscal Recovery Funds (SFRF) to the state General Fund.

Purpose	Match	Funding Source and Expenditure Timeline	Allocated Amount
OSP – FY 2022--23	None	State general funds must be obligated by June 30, 2027, and liquidated by June 30, 2029	\$52,250,000
OSP – FY 2021--22	None	State general funds must be obligated by June 30, 2027, and liquidated by June 30, 2029	\$54,747,179
CP – FY 2021--22	10% match	State general funds must be obligated by June 30, 2024, and liquidated by December 31, 2026	\$142,488,003
		Total CCE Preservation Funds	\$249,485,182

III. CHANGE TO ADMINISTRATIVE COST LIMIT

Previously, the NOFA dated June 10, 2022, required that counties minimize administrative costs, not to exceed 10 percent. Based on the nature of the CCE Preservation Program and the significant level of coordination, planning and oversight required to implement the program, **CDSS has increased the threshold of funding that may be used for administrative activities from 10 percent to 15 percent.**

Counties should continue to minimize administrative costs, not to exceed the 15 percent limit. This threshold applies to all CCE Preservation Funds, including any CCE Preservation Funds previously accepted via the NOFA dated June 10, 2022.

IV. UPDATED COUNTY ALLOCATIONS AND METHODOLOGY

Funding is available via a noncompetitive allocation for counties with qualifying facilities (i.e., licensed facilities that are not funded by regional centers and that are currently serving individuals who are applicants or recipients of SSI/SSP or CAPI). The FY 2022--23 OSP Funds were distributed proportionate to each county's share of statewide need. Statewide need is defined as the total number of beds in qualifying facilities occupied by an applicant or recipient of SSI/SSP, according to CDSS' Community Care Licensing Division (CCLD) survey data. Allocations are not available via the FY 2022--23 non-competitive allocation for counties with no qualifying facilities.

Allocation amounts are listed in Attachment One.

V. PROCESS TO ACCEPT FUNDS

Counties wishing to accept the noncompetitive allocations in Attachment One, Tables 1 and/or 2 shall submit a signed and completed Director's Certification (Attachment Two) to housing@dss.ca.gov. The Director's Certification is required for the county to accept the remaining FY 2021--22 funds and/or the additional FY 2022--23 funds, regardless of whether the county is newly participating or has previously accepted CCE Preservation Funds. The CDSS will only accept Director's Certifications from the designated county department that accepted the funds announced in the NOFA dated June 10, 2022.

Counties must accept or decline funds via the Director's Certification by Wednesday, January 25, 2023.

Additional information for counties accepting funds for the first time

Any county that did not already accept funds announced in the NOFA dated June 10, 2022, may accept funds in response to this funding announcement. Counties must review the NOFA dated June 10, 2022, for further information on program requirements and guidance.

Counties accepting funds for the first time may choose to accept funds for either OSP, CP, or both. If both are accepted, a county must designate one county department to implement both program components. Any county department is eligible to accept the funds. Examples include, but are not limited to, social service departments, health departments, aging or adult services, behavioral health departments, or housing and community development departments. Counties are encouraged to contact housing@dss.ca.gov with any questions related to the funds acceptance process.

VI. LETTER OF INTEREST

The CDSS recognizes that many counties with populations under 200,000 did not accept the allocations published in the NOFA dated June 10, 2022. Recognizing the need to preserve licensed adult and senior care facilities across the entire state, CDSS is accepting Letters of Interest (LOI) from counties with populations less than 200,000 who are interested in accepting CCE Preservation Funds but require additional supports to do so, and are therefore not able to accept funds at this time.

If a county with **a population of less than 200,000** is interested in implementing a CCE Preservation program, but not currently able to accept CCE Preservation Funds, please provide an LOI addressing the following elements:

- I. Summary of county's interest and need for CCE Preservation Funds
- II. Barriers preventing the county from implementing CCE Preservation Funds
- III. Resources or supports that CDSS or AHP could provide to overcome these barriers

Please submit LOIs (no more than one LOI per county) **by Wednesday, January 25, 2023**, to housing@dss.ca.gov.

The CDSS will review LOIs to understand where additional technical assistance or support is needed. The CDSS may request additional information to better understand the barriers identified within LOIs. Funding is not guaranteed through submission of an LOI. Furthermore, an LOI is not required before submitting a Director's Certification.

Counties are encouraged to contact housing@dss.ca.gov with any questions regarding the LOI process.

VII. UPDATED AWARD TIMELINE

The CDSS will issue award letters on a rolling basis within 45 business days of receiving a completed Director's Certification.

The AHP will issue or amend a Standard Agreement (contract), as applicable following the release of award letters. The Standard Agreement must be signed, submitted, and fully executed with AHP before these additional OSP funds will be disbursed.

The NOFA dated June 10, 2022, requires that participating counties submit an Implementation Plan by January 15, 2023. If a continuing county has already submitted an Implementation Plan by the time additional funds are accepted, counties may amend their plan, if needed. The CDSS does not anticipate significant changes in county implementation plans based on this FY 2022--23 augmented funding. Further instructions related to amended or revised Implementation Plans, as well as

Implementation Plan timeline for newly participating counties, will be provided under separate cover, as applicable.

VII. TECHNICAL ASSISTANCE AND ADDITIONAL INFORMATION

The CDSS and AHP are committed to providing support to counties interested in implementing CCE Preservation Funds. The AHP will be providing informational webinars, templates and sample documents, and direct technical assistance support throughout implementation. Counties are encouraged to contact housing@dss.ca.gov with any questions, concerns, or technical assistance requests regarding implementation of the CCE Preservation Program.

Refer to the [NOFA dated June 10, 2022](#), for more information on the purpose, eligibility requirements, program operating requirements, and responsibilities for county implementation of the CCE Preservation Funds.

Refer to the [CCE Preservation website](#) to review additional resources, including FAQs and a recording of an informational webinar held June 17, 2022.

Contact housing@dss.ca.gov with questions about this letter or attachments.

ATTACHMENT ONE: ALLOCATION TABLES

Counties wishing to accept the noncompetitive allocations in Tables 1 and/or 2 shall submit a signed and completed Director’s Certification (Attachment One of this ACWDL) to housing@dss.ca.gov by **Wednesday, January 25, 2023**.

Table One: Operating Subsidy Payment Noncompetitive Allocations

County	A. FY 21--22 OSP Funds Remaining	B. Additional FY 22--23 OSP Funds	C. Total FY 21--22 and FY 22--23 OSP Funds Available to Accept (A+B)	<i>D. For Reference: Total OSP Funds Made Available through FY 21--22 and FY 22--23 (includes new and previously accepted funds)</i>
Alameda	Accepted	\$1,535,773	\$1,535,773	\$3,055,380
Alpine	-	-	-	-
Amador	\$200,000	\$26,221	\$226,221	\$226,221
Butte*	-	-	-	-
Calaveras	\$200,000	\$18,729	\$218,729	\$218,729
Colusa	-	-	-	-
Contra Costa	Accepted	\$1,202,398	\$1,202,398	\$2,392,139
Del Norte	-	-	-	-
El Dorado	\$200,000	\$22,475	\$222,475	\$222,475
Fresno	Accepted	\$1,112,499	\$1,112,499	\$2,213,288
Glenn	Accepted	\$14,983	\$14,983	\$214,983
Humboldt	Accepted	\$41,204	\$41,204	\$241,204
Imperial	\$200,000	\$153,577	\$353,577	\$353,577
Inyo	-	-	-	-
Kern	Accepted	\$839,057	\$839,057	\$1,669,281
Kings	\$200,000	\$52,441	\$252,441	\$252,441
Lake	\$200,000	\$22,475	\$222,475	\$222,475
Lassen	\$200,000	\$7,492	\$207,492	\$207,492
Los Angeles	Accepted	\$19,863,912	\$19,863,912	\$39,518,733
Madera	Accepted	\$89,899	\$89,899	\$289,899
Marin	Accepted	\$221,002	\$221,002	\$439,677
Mariposa	-	-	-	-

Mendocino	\$200,000	\$59,933	\$259,933	\$259,933
Merced	Accepted	\$86,153	\$86,153	\$286,153
Modoc	-	-	-	-
Mono	-	-	-	-
Monterey	Accepted	\$651,767	\$651,767	\$1,296,673
Napa	\$200,000	\$14,983	\$214,983	\$214,983
Nevada	Accepted	\$14,983	\$14,983	\$214,983
Orange	Accepted	\$4,685,981	\$4,685,981	\$9,322,636
Placer	Accepted	\$198,527	\$198,527	\$398,527
Plumas	-	-	-	-
Riverside	Accepted	\$1,797,978	\$1,797,978	\$3,577,030
Sacramento	Accepted	\$2,442,254	\$2,442,254	\$4,858,800
San Benito*	-	-	-	-
San Bernardino	Accepted	\$2,816,833	\$2,816,833	\$5,604,015
San Diego	Accepted	\$3,382,447	\$3,382,447	\$6,729,289
San Francisco	Accepted	\$1,513,298	\$1,513,298	\$3,010,667
San Joaquin	Accepted	\$1,352,230	\$1,352,230	\$2,690,226
San Luis Obispo	Accepted	\$138,594	\$138,594	\$338,594
San Mateo	Accepted	\$827,819	\$827,819	\$1,646,924
Santa Barbara	\$263,151	\$265,951	\$529,102	\$529,102
Santa Clara	Accepted	\$1,636,909	\$1,636,909	\$3,256,588
Santa Cruz	Accepted	\$483,207	\$483,207	\$961,327
Shasta	\$200,000	\$138,594	\$338,594	\$338,594
Sierra	-	-	-	-
Siskiyou	Accepted	\$48,695	\$48,695	\$248,695
Solano	Accepted	\$580,597	\$580,597	\$1,155,083
Sonoma	Accepted	\$344,613	\$344,613	\$685,598
Stanislaus	Accepted	\$1,532,027	\$1,532,027	\$3,047,928
Sutter	Accepted	\$550,631	\$550,631	\$1,095,466
Tehama	\$218,675	\$221,002	\$439,677	\$439,677
Trinity	Accepted	\$22,475	\$22,475	\$222,475
Tulare	\$448,469	\$453,240	\$901,709	\$901,709
Tuolumne	\$200,000	\$26,221	\$226,221	\$226,221
Ventura	Accepted	\$569,360	\$569,360	\$1,132,727
Yolo	Accepted	\$104,882	\$104,882	\$304,882
Yuba	Accepted	\$63,678	\$63,678	\$263,678
Total	\$3,130,295	\$52,250,000	\$55,380,295	\$106,997,179

*Counties marked with an asterisk have licensed facilities in which regional centers are not the vendor, but the allocation methodology used did not identify any such licensed facilities that serve any recipients or applicants of SSI/SSP or CAPI. If the county is

aware of eligible adult and senior care facilities not funded by regional centers that are currently serving recipients or applicants of SSI/SSP or CAPI, a base allocation of \$200,000 may be requested by contacting housing@dss.ca.gov **by the deadline of Wednesday, January 25, 2023.**

Table One Column Descriptions

- Column A indicates whether a county has already accepted the FY 2021--22 OSP funds previously made available, or whether there are remaining funds available for acceptance from FY 2021--22.
- Column B provides the new, additional FY 2022--23 OSP allocation amount available for acceptance.
- Column C totals the available funds in Column A and B – **this is the total amount available for the county to accept at this time through the Director's Certification.**
- Column D is the total amount that has been made available to the county, including funds already accepted and funds currently available to accept. For example, if all OSP funds are accepted from FY 2021--22 and FY 2022--23, the amount in Column D will be the total amount that the county has available in OSP funds.

Table Two: Capital Preservation (CP) Funds Noncompetitive Allocations

Counties that did not initially accept any FY 2021--22 CP funds may accept the FY 2021--22 CP noncompetitive allocation amounts **before Wednesday, January 25, 2023**. The allocation amounts below are the same as those published in the [NOFA dated June 10, 2022](#). Counties that have already accepted the allocations are indicated as such. No additional CP funds were appropriated in FY 2022—23.

County	Remaining FY 2021--22 CP Funds
Alameda	Accepted
Alpine	-
Amador	\$200,000
Butte*	-
Calaveras	\$200,000
Colusa	-
Contra Costa	Accepted
Del Norte	-
El Dorado	\$200,000
Fresno	Accepted
Glenn	Accepted
Humboldt	Accepted
Imperial	\$413,612
Inyo	Accepted
Kern	Accepted
Kings	\$200,000
Lake	\$200,000
Lassen	\$200,000
Los Angeles	Accepted
Madera	Accepted
Marin	Accepted
Mariposa	-
Mendocino	\$200,000
Merced	\$232,026
Modoc	-
Mono	-
Monterey	Accepted
Napa	\$200,000
Nevada	Accepted
Orange	Accepted
Placer	Accepted
Plumas	-
Riverside	Accepted
Sacramento	Accepted
San Benito*	-
San Bernardino	Accepted
San Diego	Accepted
San Francisco	Accepted

San Joaquin	Accepted
San Luis Obispo	Accepted
San Mateo	Accepted
Santa Barbara	Accepted
Santa Clara	Accepted
Santa Cruz	Accepted
Shasta	\$373,259
Sierra	-
Siskiyou	Accepted
Solano	Accepted
Sonoma	\$928,104
Stanislaus	Accepted
Sutter	Accepted
Tehama	\$595,197
Trinity	Accepted
Tulare	\$1,220,659
Tuolumne	\$200,000
Ventura	Accepted
Yolo	Accepted
Yuba	Accepted
Total	\$5,562,857

*Counties marked with an asterisk have licensed facilities in which regional centers are not the vendor, but the allocation methodology used did not identify any such licensed facilities that serve any recipients or applicants of SSI/SSP or CAPI. If the county is aware of eligible adult and senior care facilities not funded by regional centers that are currently serving recipients or applicants of SSI/SSP or CAPI, a base allocation of \$200,000 may be requested by contacting housing@dss.ca.gov **by the deadline of Wednesday, January 25, 2023.**

ATTACHMENT TWO: FY 22--23 CCE PRESERVATION DIRECTOR'S CERTIFICATION

Counties must submit a completed, signed Director's Certification to housing@dss.ca.gov by **Wednesday, January 25, 2023**, to accept funds. Director's Certifications must be submitted by both counties accepting CCE Preservation Funds for the first time, as well as counties that have not previously accepted funds for the program – however, please note that not all sections are applicable to counties that previously accepted funds.

Section I: Contact Information

All counties:

1. County: _____
2. Point of contact for this Director's Certification (Note: CDSS and AHP may contact this person if there are questions about the certification):
 - A. Name: _____
 - B. Title: _____
 - C. Email: _____
3. Please indicate which county agency or department is accepting funds on behalf of the county:
 - A. County Department or Agency Name: _____

Section II: Accept OSP Funds

Counties accepting any OSP funds must fill out this Section, regardless of whether they have previously accepted CCE Preservation Funds.

4. The county hereby:
 - Accepts the full allocation of OSP funds (Attachment One, Table One, Column C)
 - Accepts a partial allocation of OSP funds (Attachment One, Table One, Column C)
 - Declines entire allocation of OSP funds available (Attachment One, Table One, Column D)Confirm amount of OSP funds accepted (do not include previously accepted funds): \$ _____
5. Confirm total amount of OSP funds accepted by the county to date, including any OSP funds previously accepted and the amount accepted in Question 4:
\$ _____

Please check this box if the county is interested in accepting additional OSP funds, if available

Section III: Accept CP Funds

If a county has already accepted the full amount of CP funds currently available to their county, **do not complete this section**. Although no additional funds have been made available for CP funds in FY 2022--23, counties that did not previously accept FY 2021--22 CP funds may fill out the below to do so.

6. The county hereby:

- Accepts the full amount of CP funds in Attachment One, Table Two
- Accepts a partial amount of CP funds in Attachment One, Table Two
- Declines entire allocation of CP funds available in Attachment One, Table Two

7. Confirm amount of CP funds accepted (do not include previously accepted funds): \$ _____

Check this box if the county is interested in accepting additional CP funds, if available.

Check this box to confirm the county will provide the 10 percent match for any CP funds accepted. Match may be provided by the county or contributed by facilities awarded CP funds. However, counties are responsible for ensuring that the 10 percent match is met.

Section IV: Director Certification Agreement

By submitting this certification to accept funds, the Director of the county department administering the program certifies that the implementation of CCE Preservation Funds will be consistent with relevant laws, regulations, program guidance, and evidence-based practices, including those outlined in this ACWDL as well as the NOFA dated June 10, 2022.

County Director Signature

County Director Name

Date

EXHIBIT A-5
Horne Program Funding Agreement Approved May 7, 2024

THIS SECTION LEFT BLANK INTENTIONALLY



County of Santa Barbara

BOARD OF SUPERVISORS

Minute Order

May 7, 2024

Present: 5 - Supervisor Williams, Supervisor Capps, Supervisor Hartmann, Supervisor Nelson, and Supervisor Lavagnino

BEHAVIORAL WELLNESS DEPARTMENT

File Reference No. 24-00430

RE: Consider recommendations regarding a Fiscal Year (FY) 2022-2029 Program Funding Agreement with Horne LLP for the Community Care Expansion Preservation Program (CCE-PP), as follows:

- a) Approve, ratify and authorize the Director of the Department of Behavioral Wellness or designee to execute the CCE-PP Program Funding Agreement with Horne LLP, a Delaware limited liability company (not a local provider), serving as the California Department of Social Services Agreement No: 22-3100 third-party administrator, to implement the preservation and renovation of licensed adult and senior care facilities serving applicants or recipients of Supplemental Security/State Supplementary Payment or qualified Cash Assistance Program for Immigrants for a maximum program funding amount of \$1,272,988.00 to consist of \$529,102.00 allocated to Operating Subsidy Payments and \$743,886.00 for Capital Projects for the period May 7, 2024, through January 29, 2029;
- b) Approve, ratify, and authorize the Director of the Department of Behavioral Wellness or designee to execute the Horne LLP CCE-PP Program Funding Agreement Amendment 1, extending the term to obligate funding to June 30, 2027, and to liquidate funds to March 31, 2029;
- c) Delegate authority to the Director of the Department of Behavioral Wellness or designee to act on behalf of the County in the implementation of the CCE-PP Program and develop and administer a Notice of Funding Availability process to distribute the funds to applicants who meet criteria to immediately preserve and avoid the closure of licensed residential adult and senior care facilities serving qualified residents, and make immaterial changes to the Program Funding Agreement, all without altering the maximum program funding amount and without requiring the Board's approval of an amendment of the Program Funding Agreement, subject to the Board's ability to rescind this delegated authority at any time; and
- d) Determine that the above actions are government fiscal activities or funding mechanisms which do not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment, and are therefore not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) of the CEQA Guidelines.



County of Santa Barbara BOARD OF SUPERVISORS

Minute Order

May 7, 2024

Denise El Amin addressed the Board.

A motion was made by Supervisor Hartmann, seconded by Supervisor Williams, that this matter be acted on as follows:

a) and b) Approved, ratified and authorized;

c) Delegated; and

d) Approved.

The motion carried by the following vote:

Ayes: 5 - Supervisor Williams, Supervisor Capps, Supervisor Hartmann, Supervisor Nelson, and Supervisor Lavagnino



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Behavioral Wellness
Department No.: 043
For Agenda Of: May 7, 2024
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Antonette Navarro, LMFT, Director
Director(s) Department of Behavioral Wellness, (805) 681-5220
Contact Info: Laura Zeitz, Interim Assistant Director, Inpatient/Crisis and
Access/Homeless and Housing/Justice, Department of Behavioral
Wellness, (805) 681-5220

**SUBJECT: Horne LLP FY 22–29 Program Funding Agreement for the Community Care
Expansion Preservation Program**

DS
AN

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a.) Approve, ratify and authorize the Director of the Department of Behavioral Wellness or designee to execute the Community Care Expansion Preservation Program (CCE-PP) Program Funding Agreement with Horne LLP (Horne), a Delaware limited liability company (not a local provider), serving as the California Department of Social Services Agreement No: 22-3100 third-party administrator, to implement the preservation and renovation of licensed adult and senior care facilities serving applicants or recipients of Supplemental Security/State Supplementary Payment or qualified Cash Assistance Program for Immigrants for a maximum program funding amount of \$1,272,988 to consist of \$529,102 allocated to Operating Subsidy Payments and \$743,886 for Capital Projects for the period May 7, 2024, through January 29, 2029 (Attachment A);
- b.) Approve, ratify, and authorize the Director of the Department of Behavioral Wellness or designee to execute the Horne LLP (Horne), a Delaware limited liability company (not a local provider) Community Care Expansion Preservation Program (CCE-PP) Program Funding Agreement Amendment 1, extending the term to obligate funding to June 30, 2027, and to liquidate funds to March 31, 2029;

- c.) Delegate authority to the Director of the Department of Behavioral Wellness or designee to act on behalf of the County in the implementation of the CCE-PP Program and develop and administer a Notice of Funding Availability process to distribute the funds to applicants who meet criteria to immediately preserve and avoid the closure of licensed residential adult and senior care facilities serving qualified residents, and make immaterial changes to the Program Funding Agreement, all without altering the maximum program funding amount and without requiring the Board's approval of an amendment of the Program Funding Agreement, subject to the Board's ability to rescind this delegated authority at any time; and
- d.) Determine that the above actions are government fiscal activities or funding mechanisms which do not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment, and are therefore not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) of the CEQA Guidelines.

Summary Text:

Approval of this item by the Board of Supervisors (Board) will allow the Department of Behavioral Wellness (BWell) to accept and utilize Community Care Expansion – Preservation Program (CCE-PP) funding to develop and implement a Notice of Funding Availability opportunity for community-based organizations to apply for funding specific to their infrastructure needs. Horne LLP (Horne) serves as the third-party administrator for the Community Care Expansion (CCE) program for the California Department of Social Services (CDSS). Horne's Agreement No. 22-3100, is for the administration and management of the entire program funding amount of \$1,272,988, with \$529,102 allocated to Operating Subsidy Payments (OSP) and \$743,886 allocated for Capital Projects (CP) for the period May 7, 2024, through March 31, 2029. The program funding allows for two funding streams that include CP and OSP to preserve and avoid the closure of licensed residential adult and senior care facilities that serve applicants and recipients of Supplemental Security Income/State Supplementary Payment and Cash Assistance Program for Immigrants ("Qualified Residents"), and who are experiencing or are at risk of homelessness. Since being awarded the funding, BWell has conducted several outreach sessions to discern how many eligible organizations would be interested in applying for the funding and several organizations have expressed interest in applying.

In conjunction with execution of the Program Funding Agreement, Horne has required that the County simultaneously execute an amendment (Attachment B) which makes changes to certain deadlines in the original Program Funding Agreement.

Background:

California has a shortage of adult and senior care facilities (e.g., Adult Residential Facilities and Residential Care Facilities for the Elderly) that accept individuals receiving or applying for Supplemental Security Income/State Supplementary Payment (SSI/SSP) or Cash Assistance Program for Immigrants (CAPI). The CCE program was established by Assembly Bill 172 (Chapter 696, Statutes of 2021) to fund capital projects, promote the sustainability of residential adult and senior care facilities, and to address historic gaps in the long-term care continuum. A total of \$195 million was reserved for the Preservation Program which is intended to immediately preserve and avoid the closure of licensed residential adult and senior care facilities serving qualified residents, defined as applicants or recipients of SSI/SSP or CAPI, including the "prioritized population" of qualified residents who are experiencing or at risk of homelessness (Welfare & Institutions Code sections 18999.97(c)(1) and (2)).

CDSS originally contracted with Advocates for Human Potential (AHP) as the program funding administrator, but in August 2023, Horne was selected as the new program funding administrator for

the CCE program, including the Preservation Program. CCE-PP funds have two components: Operating Subsidy Payments (OSP), which are targeted to cover an eligible licensed facility's potential or projected operating deficits, and Capital Projects (CP) with a focus on physical repairs and upgrades to the eligible facility's property, including inside or outside within its property line, to ensure compliance with licensing standards.

On April 7, 2023, through AHP program funding administration, BWell received an award letter in the amount of \$1,272,988, with an allocation of \$743,886 for CP and \$529,102 for OSP programs. Program funds awarded for OSP may not be commingled with program funds awarded for CP, and vice versa. BWell will be obligated to develop a Notice of Funding Availability process, including distribution of funds to sub-awardees, for eligible recipients consistent with the terms of Agreement No 23-3100 with HORNE and their contracts with County. BWell will return to the Board of Supervisors for approval of these contracts. BWell will incorporate reporting requirements in these contracts.

In the First Amendment BWell received on March 6, 2024, the following dates have been modified by Horne:

- A. State General Funds must be obligated by June 30, 2027 and liquidated by March 31, 2029. Final invoices will be due prior to the liquidation deadline.
 - i. State General Funds will fund longer-term funding needs such as OSP for CCE Preservation as well as COSR for CCE Expansion.
- B. A portion of State General Funds (formerly State Fiscal Recovery Funds or SFRF) must be obligated by December 31, 2026 and liquidated by September 30, 2028. Final invoices will be due prior to the liquidation deadline.
 - i. State General Funds (formerly SFRF) will fund medium-term funding needs, such as capital projects for CCE Preservation and construction costs for CCE Expansion.
 - ii. These funds were moved from SFRF to the General Fund by Executive Order pursuant to the Budget Act of 2022 (Assembly Bill 179 (Chapter 249, Statutes of 2022)).
- C. A portion of Program Funds are part of California's Home and Community Based Services (HCBS) Spending Plan and must be obligated by October 31, 2024 and liquidated by December 31, 2024. HCBS funding will fund immediate / short-term funding needs for projects such as acquisition costs for CCE Expansion projects.

Performance Measure:

The goals of the Program Funding Agreement are the following:

- Develop and administer a Notice of Funding Availability process for community-based organizations to apply for infrastructure funding directly related to renovations needed to ensure compliance with licensing requirements, such as roof repairs.
- Distribute funding to community-based organizations ensuring applications are consistent with CCE-PP program funding requirements.
- Monitor community-based organization funding expenditures for compliance with program funding requirements and consistency with approved Notice of Funding Availability application.
- Develop and submit required reports to Horne/DSS in accordance with Agreement

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

<u>Funding Sources</u>	<u>FY 23-24 Grant Funding:</u>	<u>FY 24-25 Grant Funding:</u>	<u>Total Grant Funding:</u>
General Fund			
State Grant	\$ 318,247	\$ 954,741	\$ 1,272,988
Federal			
Match:			
Other:			
Total	\$ 318,247	\$ 954,741	\$ 1,272,988

BWell will receive 25% of the funds shortly after the execution of the Program Funding Agreement (PFA). A BJE will be completed for the 25% and the remaining 75% are included in our adopted budget for FY24/25. Subgrants will be awarded to eligible facilities during FY24/25.

Key Contract Risks:

The Agreement imposes procedural and reporting requirements that BWell will need to implement, which may be subject to future audit. Failure to fully comply with the reporting requirements detailed in the Agreement could result in the State withholding funding, pending correction of breach, violation or default or disallow use of Program Funds. In addition, the repayment of audit exceptions plus interest is a potential audit consequence for BWell. BWell has also agreed if dispute arises, non-prevailing party shall pay prevailing parties reasonable expenses including arbitration costs and reasonable attorney fees.

Special Instructions:

Please return one (1) Minute Order to Michael Purvis at mpurvis@sbcbswell.org and to BWell Contracts Division at bwellcontractsstaff@sbcbswell.org.

Attachments:

Attachment A: Horne, LLP FY 23-29 Program Funding Agreement No: 22-3100

Attachment B: Horne, LLP FY 23-29 Amendment 1 to Program Funding Agreement

Authored by:

E. Zuroske/M. Purvis

ATTACHMENT A:

HORNE, LLP FY 23-29
PROGRAM FUNDING
AGREEMENT NO: 22-3100

**PROGRAM FUNDING AGREEMENT
COMMUNITY CARE EXPANSION PRESERVATION PROJECTS**

SUMMARY COVER SHEET

Program Funding
Agreement ID

Program Agreement May 7, 2024
Effective Date:

Program Funding **HORNE LLP (Horne)**
Agreement Manager: 661 Sunnybrook Rd., Suite 100, Ridgeland, MS 39157
Tel: 916.398.4797

Horne Contracting Officer: Alethia Thomas
Alethia.Thomas@horne.com

Horne Project Director: Geoffrey Ross
Geoffrey.Ross@horne.com

Horne Direct Staff Contact: Dania Khan
Dania.Khan@horne.com

County: **Santa Barbara COUNTY ("County")**
**ATTN: Antonette Navarro, Director, Department of Behavioral
Wellness**
Address: 315 Camino Del Remedio, Bldg 3, Santa Barbara, CA 93110
Phone: **(805) 681-5220**
email address: bwellcontractsstaff@sbcbswell.org

Prime Contract **California Department of Social Services**
Identification: **Agreement No.: 22-3100**
Contract Title: *Community Care Expansion Preservation Program*

Contract Type: Deliverable Based Type Contract

Base Period of Operating Subsidy Payment funds: Effective Date of Agreement
Performance: through June 30, 2029

Capital Project Funds: Effective Date of Agreement through
December 31, 2026

Program Funding Agreement Cover Sheet

(This Page is not part of the Program Funding Agreement
and is for Summary/Reference Purposes Only)

Consideration/Budget: Facility Preservation and Renovation Not to Exceed: \$529,102.00 for
Operating Subsidy Payment funds; \$743,886.00 for Capital Project
funds

Program Funding Agreement Cover Sheet

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and is for Summary/Reference Purposes Only)**

This Program Funding Agreement (the “Agreement”) is entered into March 12, 2024 (the “Effective Date”), by and between **HORNE LLP**, a Delaware limited liability company, with offices located at **661 Sunnybrook Rd., Suite 100, Ridgeland, MS 39157** (“Horne”), and **SANTA BARBARA COUNTY**, a political subdivision of the State acting through its Department of Behavioral Wellness (Designated Department for Administration of Program) with offices at **315 Camino Del Remedio, Bldg 3, Santa Barbara, CA 93110** (“Santa Barbara” or “County”). Horne and County may be referred to separately as a “Party” or collectively as “Parties.”

RECITALS

1. 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 Preservation Program (“Program”). The agreement between CDSS and Horne shall hereinafter be referred to as the “Prime Contract” or “CDSS Contract”;
2. The purpose of the Program is to preserve and avoid the closure of licensed residential adult and senior care facilities that serve applicants and recipients of Supplemental Security Income/State Supplementary Payment and Cash Assistance Program for Immigrants (“Qualified Residents”), with a priority for individuals experiencing or at risk of homelessness (“Prioritized Population”);
3. Pursuant to the requirements of the Program and CDSS guidelines, counties are to use their allocation of program funds to preserve the capacity of eligible residential adult and senior care settings as well as increase the acceptance of new Qualified Residents by providing operating subsidy payments (“Operating Subsidy Payments” or “OSP”) and funding capital projects addressing critical repairs, required upgrades, and ensuring that facilities are compliant with licensing standards (“Capital Projects”), with the goal of preventing closures and preserving beds in existing licensed facilities;
4. In response to that certain Notice of Funding Availability issued by Horne on behalf of CDSS on or about June 10, 2022 (the “NOFA”) for the Program, and the All County Welfare Directors Letter (“ACWDL”) dated December 14, 2022 (collectively referred to as “Funding Letters”), County elected to receive its noncompetitive allocation of \$1,272,988.00 for the purpose of funding Operating Subsidy Payments and/or Capital Projects (“Program Funds”) and has submitted to Horne an Implementation Plan (“Implementation Plan”) for the administration and disbursement of the Program Funds to existing licensed adult and senior care facilities serving Qualified Residents; and;
5. This Agreement sets forth the terms and conditions of Horne’s administration and management of the Program Funds and County’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 and California Senate Bill 129 (Chapter 69, Statutes of 2021), the Budget Act of 2021, and California Assembly Bill 178 (Chapter 45, Statutes of 2022), Budget Act of 2022, provide the funding for the Program. CDSS issued the Funding Letters and Horne publishes Funding Letters on behalf of CDSS and provides technical assistance, general training and support to counties on administration, disbursement and monitoring of the Program Funds, as well as administration and fund management to CDSS.

This Agreement is entered under the authority of and in furtherance of the Program. This Agreement is the result of the County’s election to accept its allocation of Program Funds and County’s submission of an Implementation Plan which is subject to Horne and CDSS review and approval.

This Agreement hereby incorporates by reference County’s approved Implementation Plan, as well as any report prepared by Horne in reliance on the representations and descriptions included in that Implementation Plan. 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 California Welfare and Institutions Code sections 18999.97 – 18999.98;
- 1.3 The NOFA, in the form attached to this Agreement as Attachment D issued on our about June 10, 2022; and the ACWDL dated December 14, 2022;
- 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(s) issued by Horne to County (“Award Letter”) attached to this Agreement as Attachment E; and
- 1.7 All other applicable law, including, but not limited to, California Labor Code statutes applicable to public works projects.

County is solely responsible and liable for County and County'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. For any provision within the Agreement where a County uses a subcontractor to meet or partially meet the requirements, duties, or obligations of the provision, the term "County," if used in the provision, includes the subcontractor, as applicable.

ARTICLE 2.
TERM

- 2.1 This Agreement shall commence on the Effective Date and shall expire automatically on June 29, 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 29, 2029, at 11:59 p.m Pacific time. Each of the Parties hereto acknowledges and agrees 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 County or CDSS, unless County 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 7, and Article 8, of this Agreement.

ARTICLE 3.
PROGRAM FUNDS AND DISBURSEMENT

- 3.1 **Purpose.** The County 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 Implementation Plan and for no other purposes. The County shall be responsible for administering and disbursing the Program Funds for purposes that are consistent with the Program Requirements. The County may disburse Program Funds to Eligible Recipients (as defined below) for OSP and/or for Capital Projects. Program Funds awarded for OSP may not be commingled with Program Funds awarded for Capital Projects, and vice versa. The County is obligated to develop an application, allocation methodology and award process for Eligible Recipients consistent with the terms of this Agreement. Program Funds shall be disbursed only upon satisfaction of the requirements of this section.
- 3.2 **Conditions of Disbursement.** Within thirty (30) calendar days of the delivery to Horne of a fully executed Agreement, Horne shall disburse to the County twenty-five percent (25%) of the total amount of Program Funds awarded to the County (“Advance Disbursement”), which funds are to be used by the County in accordance with this Agreement. County shall submit proof of expenditures applied against the Advance Disbursement no later than (30) days after the end of each calendar quarter. In no event shall further Program Fund disbursements be made by Horne to County until after the Advance Disbursement has been exhausted and County has provided proof of expenditures applied against the Advance Disbursement. Such proof of expenditures shall be in a form approved by Horne and shall include any documentation requested by Horne to evidence the County’s expenditures of funds, consistent with the terms of this Agreement. After the Advance Disbursement has been exhausted, disbursements shall be made by written request in a form approved by Horne and shall include any documentation requested by Horne to evidence the County’s expenditures of funds, including Match Funds as described in Section 5.6, consistent with the terms of this Agreement (“Disbursement Request”).

Disbursements are subject to the following:

- 3.2.1 County shall submit Disbursement Requests no more than once per calendar quarter, unless additional Disbursement Requests are permitted pursuant to section 3.2.4.
- 3.2.2 Disbursement Requests shall be submitted no earlier than the last day of each calendar quarter and no later than thirty (30) days following the last day of each calendar quarter.
- 3.2.3 Program Funds will be disbursed to the County for costs incurred for the Project within thirty (30) days of receipt of a complete Disbursement

Request for Program Funds, provided such Disbursement Request is approved by Horne or its designee.

- 3.2.4 Other than the Advance Disbursement, all disbursements shall be based on actual expenditures incurred by the County. The County may submit requests for additional advance disbursements upon providing to Horne evidence of good cause for the additional advance disbursement, and Horne shall provide said request to CDSS for approval. Any approval or disapproval of a disbursement request for an advance disbursement is within the sole discretion of CDSS. In no event shall the balance of advance disbursements exceed 25% of the total Program Fund amount.
- 3.2.5 Disbursement Requests shall identify the purpose of the use of funds, whether for OSP or Capital Projects or both, and shall delineate items allocated to OSP or Capital Projects, if applicable.
- 3.2.6 Within ninety (90) days of the final Disbursement Request, the County shall provide Horne with (i) a reconciliation showing all expenditures made with Program Funds, including those made with the Advance Disbursement, (ii) documentation of the expenditure of all Match Funds, and (iii) any documentation or evidence requested by Horne to support such expenditures.
- 3.3 Documentation of Match Funds. Match Funds contributed pursuant to Article 5, Section 5.6 of this Agreement shall be reported with each Disbursement Request. In the event the Match Funds are an in-kind contribution in lieu of cash, including Project expenses incurred prior to the Effective Date (the "Sunk Costs"), the value of such in-kind contribution must be approved by Horne. All Match Funds must be expended prior to submitting the final Disbursement Request.
- 3.4 Disbursement of Program Funds to Eligible Recipients. The County shall be responsible for disbursement of Program Funds to Eligible Recipients. The County shall follow its standard procurement, invoicing, and reimbursement processes for the disbursement of Program Funds, consistent with the terms and conditions of this Agreement.
- 3.5 Additional Considerations for Program Funds Used For Capital Projects. The County shall be responsible for ensuring that Eligible Recipients comply with all construction requirements, including that Eligible Recipients comply with California Prevailing Wage laws (California Labor Code section 1720 et seq.), all permitting requirements of the local jurisdiction and any other governmental or Program Requirements. The County shall require that all facilities receiving Program Funds for Capital Projects undertaking a construction project costing more than One Million Dollars (\$1,000,000) shall obtain payment and performance bonds. Any exception to the requirement to obtain payment and performance bonds must be approved by Horne or CDSS.

ARTICLE 4.
ELIGIBLE RECIPIENTS AND EXPENDITURES

The County shall disburse Program Funds to Eligible Recipients for the uses set forth below. In awarding Program Funds, the County shall prioritize facilities with the highest risk of closure and facilities with the highest percentage of Qualified Residents.

- 4.1 Eligible Recipients. Program Funds shall only be disbursed by the County to facilities meeting all of the following eligibility criteria (“Eligible Recipients”):
- 4.1.1 An existing licensed Adult Residential Facility as defined in Title 22, section 80001(a)(5) of the California Code of Regulations; Residential Care Facility for the Elderly, as defined in Title 22, section 87101(r)(5) of the California Code of Regulations; or a Residential Care Facility for the Chronically Ill as defined in Title 22, section 87801(r)(5) of the California Code of Regulations.
 - 4.1.2 Currently serving at least one Qualified Resident.
 - 4.1.3 In good standing with the Community Care Licensing Division or, if the facility is not in good standing, providing a certification that the Program Funds will bring the facility into good standing.
 - 4.1.4 Has agreed to continue to serve Qualified Residents.
 - 4.1.5 Has agreed to prioritize applications from Qualified Residents who are part of the Prioritized Population.
 - 4.1.6 Has agreed to remain in good standing with Community Care Licensing Division.
 - 4.1.7 Has agreed to use the Program Funds disbursed for the uses set forth below in Section 4.3 if Program Funds are used for OSP or Section 4.5 if the Program Funds are used for Capital Projects.
- 4.2 Additional Criteria for Eligible Recipients of OSP. In addition to the criteria for Eligible Recipients set forth in Section 4.1, recipients of Program Funds for OSP must also meet the following criteria:
- 4.2.1 Have a monthly or annual operating cash flow gap that places the facility at risk of closure or risk of reducing the number of beds for Qualified Residents.
 - 4.2.2 Have recorded a deed restriction on the facility or property requiring that the facility continue to provide licensed adult and senior residential care for a minimum duration equal to at least the term of the agreement between the County and Eligible Recipients to fund the OSP.

4.2.3 The duration of the agreement between the County and Eligible Recipients to fund the OSP is the period of time in which the County will be providing Program Funds for OSP to any Eligible Recipients within the County.

4.3 Eligible and Ineligible Uses of Program Funds for OSP. Program Funds used for OSP may be used to cover operating costs associated with the day-to-day physical operation of the Eligible Recipient's facility related to the Qualified Residents, including covering costs of utilities, maintenance and repair, staff and payroll costs, marketing, leasing, taxes and insurance, office supplies, accounting, and strategic planning. Examples of eligible uses are set forth in section 205 of the NOFA. Program Funds used for OSP may not supplant other funding awarded or otherwise dedicated from existing local, state, or federal programs and grants supporting Qualified Residents and may not supplant the Qualified Residents' payments to the Eligible Recipient. Program Funds cannot be used for costs that are not related to operations, distributions to the facility owners, to pay tort claim liabilities, or to pay costs associated with a change of ownership. The County shall be responsible for ensuring that Program Funds are used for eligible purposes consistent with the Program Requirements and this Agreement.

4.4 Additional Criteria for Capital Project Eligible Recipients. In addition to the criteria for Eligible Recipients set forth in Section 4.1, recipients of Program Funds for Capital Projects must also meet the following criteria:

4.4.1 Have a gap in their financial ability to make needed repairs or upgrades, placing the facility at risk of closure or reducing the number of beds available for Qualified Residents.

4.5 Eligible and Ineligible Uses of Program Funds for Capital Projects. Program Funds used for Capital Projects are to be used for physical repairs and upgrades to an Eligible Recipient's facility, inside or outside the facility within the property line of the facility. Examples of eligible uses are set forth in section 205 of the NOFA. Program Funds used for Capital Projects may not supplant any existing funds used to support the prioritized population. Program Funds for Capital Projects shall not be used for repairs to foundations of leased facilities, projects that would expand or create new usable space, the provision of services, or for operating costs.

ARTICLE 5.

PROGRAM IMPLEMENTATION REQUIREMENTS

5.1 The County is responsible for the administration, disbursement, and monitoring of the Program Funds in accordance with the terms of this Agreement and the Program Requirements. Implementation requirements include the requirements in Sections 5.2-5.7.

- 5.2 Application Process. The County shall establish an application process for Eligible Recipients that addresses the Program priorities and goals. The application and funding selection process shall assess Eligible Recipients' financial capacity, and ability to adhere to the Program Guidelines, including ensuring that Eligible Recipients have sufficient staff capacity and financial resources to manage the facility. The County funding shall be distributed geographically throughout the County to the extent feasible.
- 5.3 Monitoring. The County is responsible for monitoring use of Program Funds to ensure that Program Funds are only used for eligible uses in a manner consistent with the Program Guidelines. The County procedures must include a corrective action plan for assessing the risk of activities, projects, and for monitoring facilities to ensure that Program Requirements are met. The County is responsible for taking appropriate action in the event that Eligible Recipients fail to use the Program Funds for eligible uses or fail to perform. The County may subcontract any of its obligations to a third party, but the County remains responsible for the obligations in this Agreement.
- 5.4 OSP Agreements. The County shall enter into written agreements with Eligible Recipients of Program Funds used for OSP, which at a minimum shall include (i) the Eligible Recipient's reporting obligations; (ii) the requirement that the Eligible Recipient respond to requests for information from Home and CDSS; (iii) the eligible uses of the Program Funds; (iv) the conditions under which Program Funds will be disbursed; (v) the method of disbursement; (vi) a requirement that the facility be deed restricted to provide licensed adult and senior residential care for a minimum duration equal to the term of the agreement between the County and the Eligible Recipient for the use of Program Funds for OSP; (vii) conditions for the repayment of Program Funds or cancellation of future disbursement of Program Funds; (viii) a requirement that the Eligible Recipient provide an annual audit within ninety (90) days of the end of the fiscal year, if applicable; (ix) a requirement to report material changes, such as changes in key staff or litigation against the Eligible Recipient or the facility, within thirty (30) days of such occurrence; (x) a requirement that the Eligible Recipient indemnify the County; and (xi) such other provisions required by Home or CDSS. County may include other requirements in its the agreement with Eligible Recipients of Program Funds used for OSP.
- 5.5 Capital Project Agreements. The County shall enter into written agreements with Eligible Recipients of Program Funds for Capital Projects which at a minimum shall include (i) the Eligible Recipients reporting responsibilities; (ii) the requirement that the Eligible Recipient respond to requests for information from Home and CDSS; (iii) the allowed use of the Program Funds; (iv) the conditions for disbursement of the Program Funds; (v) the method of disbursement for the Program Funds; (vi) any procurement and bidding requirements, including, but not limited to, requirements to pay prevailing wage pursuant to California Labor Code section 1720 et seq.; (vii) conditions for repayment of the Program Funds or the cancellation of future disbursements; (viii) a requirement that the Eligible

Recipient provide an annual audit within ninety (90) days of the end of the fiscal year, if applicable; (ix) a requirement to report material changes, such as changes in key staff or litigation against the Eligible Recipient or the facility within thirty (30) days of such occurrence; (x) a requirement that the Eligible Recipient indemnify the County; (xi) if part of the County requirements, a requirement that the Eligible Recipient enter into a deed restriction to provide licensed residential care to Qualified Residents for a term determined by the County; and (xii) such other provisions required by Horne or CDSS. County may include other requirements in its agreement with Eligible Recipients of Program Funds used for Capital Projects.

5.6 Capital Project Program Fund Match. The County is required to match at least ten percent (10%) of the Program Funds for Capital Projects allocated to the County (the “Match Funds”). The County shall provide evidence to Horne of the contribution of Match Funds either in the form of cash or in-kind contributions as outlined in Article 3. Match Funds may be from the County or provided by an Eligible Recipient. In-kind Match Funds may be in the form of Sunk Costs directly related to the Capital Project, or costs directly related to the Capital Project that have already been incurred and cannot be recovered, and evidenced with documentation of paid invoices for professional services related to preconstruction of the specific Capital Project, as approved by Horne or CDSS on a case-by-case basis. In-kind Match Funds may also include donations of professional design-build services or materials directly related to the Capital Project. Any Match Funds claimed under Sunk Costs must supplement, not supplant, other fund sources. The provision of services and funds derived from the State general fund cannot be used in satisfaction of the required contribution of Match Funds.

5.7 Deed Restriction or Regulatory Agreement. The County must require Eligible Recipients receiving Program Funds for OSP to record a deed restriction or regulatory agreement on the funded facility requiring that the facility continue to provide licensed residential adult and senior care for a minimum duration equal to the term of the agreement between the County and Eligible Recipient for funding OSP. The deed restriction must be recorded on the title to the property upon which the facility is located before the County disburses any funds. If the Eligible Recipient leases the facility or property, the deed restriction must be signed by both the Eligible Recipient and the owner of the fee interest in the property and recorded against both the fee interest in the property and the leasehold. The County may, at its election, require deed restrictions for Capital Projects.

ARTICLE 6.
FISCAL ADMINISTRATION

6.1 The County shall be responsible for managing the Program Funds in compliance with the Program Requirements. The County is responsible for ensuring that Program Funds are used in accordance with the terms of this Agreement and the Program Requirements. The County is not required to establish a separate

account for Program Funds but must establish a separate fund and must monitor all expenditures from the fund to ensure funds are only used for Program purposes. All interest earned from Program Funds shall be used for purposes consistent with the terms of this Agreement and segregated from other County funds. Minimum requirements for the management of Program Funds include the following:

- 6.1.1 The County, by signing this Agreement, attests that it has the capacity and ability to manage the application, disbursement, and monitoring of the Program Funds required by this Agreement and the Program Requirements.
- 6.1.2 The County shall include in its program requirements that all Eligible Recipients are assessed for financial feasibility and ability to comply with the Program Requirements.
- 6.1.3 The County shall comply with all disbursement procedures for the Program Funds set forth in the County's Implementation Plan or as otherwise approved by CDSS.
- 6.1.4 The County shall assign the necessary staff to monitor the use of Program Funds, ensure adherence to the Program Requirements, and monitor ongoing compliance with Program Requirements for the duration of any deed restriction required by this Agreement or the Term of this Agreement, whichever is longer, or required by the County.
- 6.1.5 The County shall ensure that recipients of Program Funds for Capital Projects comply with State Labor Code section 1720 et seq. (State Prevailing Wage).
- 6.1.6 The County shall comply with any reporting and record retention requirements in the Program Requirements or this Agreement.
- 6.2 Any Program Funds that have been disbursed to the County but have not been expended by the expiration of the Period of Performance set forth in the Summary Cover Sheet must be returned to CDSS with accrued interest within thirty (30) calendar days after the expiration of the Period of Performance in accordance with directions provided by CDSS. County shall not be entitled to any disbursement of Program Funds after expiration of the Period of Performance and any such undisbursed funds will be retained by CDSS.
- 6.3 The County shall not expend more than fifteen percent (15%) of the Program Funds on County administrative costs.

ARTICLE 7.
DEFAULT AND REMEDIES

- 7.1 **Event of Default.** Any of the following, after notice to County by Horne or CDSS, provided in accordance with the notice requirements of this Agreement, and expiration of any applicable cure period, shall constitute an Event of Default under this Agreement:
- 7.1.1 The County's failure to timely satisfy each or any of the conditions set forth in this Agreement, or the Award Letter.
 - 7.1.2 The County's violation of any of the Program Requirements.
 - 7.1.3 Horne's or CDSS's determination of the following:
 - 7.1.3.1 The County has concealed any material fact from Horne or CDSS related to the County or any Eligible Recipients; or
 - 7.1.3.2 Any material fact or representation, made or furnished to Horne or CDSS by the County in connection with 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
 - 7.1.3.3 Any Certification provided by the County is determined to be untrue or misleading.
 - 7.1.3.4 Any objectives or requirements of the Program cannot be met in accordance with this Agreement or within applicable timeframes, as memorialized by this Agreement.
- 7.2 **Right to Cure.** If the breach, violation, or default pursuant to Section 7.1 is not cured to Horne's and CDSS' satisfaction, as determined by Horne and CDSS, each in their sole and absolute discretion, within fourteen (14) days of notice to the County, provided in accordance with the notice requirements of this Agreement, then Horne, with CDSS approval, may declare an Event of Default under this Agreement.
- 7.2.1 Notwithstanding the foregoing, the County may request additional time to cure any default from Horne. Horne may, but shall not be required to, grant any such request, subject to CDSS approval, in CDSS's sole discretion. CDSS's approval of the County's request for additional time to cure shall be subject to the County's continuing and diligent efforts to cure, and any additional cure period provided to the County shall be reasonable, as determined by CDSS, in CDSS's sole discretion. Horne, shall provide notice to County of approval or denial of County's request for additional time to cure any default.

- 7.3 Horne/CDSS Remedies. Upon the occurrence of an Event of Default, Horne (on CDSS's 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:
- 7.3.1 temporarily withhold disbursement of Program Funds pending correction of the breach, violation, or default;
 - 7.3.2 disallow use of Program Funds for all or part of the costs resulting from the breach, violation, or default;
 - 7.3.3 wholly or partly suspend or terminate this Agreement and the County's award of Program Funds, or disbursements thereof (any such suspension or termination of this Agreement or the County's award of Program Funds shall be effective upon the County's receipt of Horne or CDSS notice of termination or suspension);
 - 7.3.4 withhold or deny further Program Funds or awards to the County;
 - 7.3.5 require the County to return all or part of any Program Funds, including any interest;
 - 7.3.6 specific performance;
 - 7.3.7 injunctive relief; and
 - 7.3.8 any and all remedies allowed by law or equity.

ARTICLE 8.
TERMINATION

- 8.1 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 the County, if (i) an Event of Default occurs; (ii) three (3) violations, breaches or defaults by the County of the terms and conditions of this Agreement (whether the same or different) occur within any twelve-month period, regardless of whether any or all such violations, breaches or defaults are timely corrected; (iii) the County 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 the County discontinues or dissolves its business or if a receiver is appointed for the County or the County's business; or (iv) County fails to provide Horne with adequate assurances within a reasonable time that County is financially solvent, or Horne or CDSS determines that County is financially insecure.

- 8.2 Notwithstanding the foregoing, or anything to the contrary stated herein, Horne may terminate this Agreement upon thirty (30) days' notice if Horne is directed by CDSS to terminate this Agreement.
- 8.3 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 or for any commitments made by the County to any Eligible Recipient. 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 the County as a result of such termination. Upon termination, County shall cease to disburse Program Funds to Eligible Recipients and shall return all Program Funds to the State at the direction of Horne or CDSS.

ARTICLE 9.
POLICIES AND LEGAL AUTHORITIES

- 9.1 The County shall comply with all California and federal law, regulations, and published guidelines, to the extent that these authorities contain requirements applicable to the County's performance under this Agreement, including any licensing and health and safety requirements.
- 9.2 The County 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.
- 9.3 In the event the County does not comply with the terms of this Article 9, Horne shall give notice in accordance with Section 15.7 and shall have all rights set forth in Article 7 and Article 8.

ARTICLE 10.
INDEMNIFICATION

- 10.1 The County 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 (collectively "Claims") (unless such Claims arise from the gross negligence or willful misconduct of Horne or CDSS), arising out of, resulting from, or relating to, County's performance under this Agreement and including, but not limited to, the following:
 - 10.1.1 Any act, omission, or statement of the County, or any person employed by or engaged under contract with the County, that results in injury (including death), loss, or damage to any person or property;

- 10.1.2 Any failure on the part of the County to comply with applicable Program Requirements and requirements of law;
 - 10.1.3 Any act or omission of any Eligible Recipient, including but not limited to any failure of any Eligible Recipient to comply with the Program Requirements and the terms of this Agreement;
 - 10.1.4 Any failure on the part of the County or an Eligible Recipient to satisfy all claims for labor, equipment, materials and other obligations relating to the performance of the work hereunder;
 - 10.1.5 Any injury to property or person occurring on or about the infrastructure or the property of the County or any Eligible Recipient; or
 - 10.1.6 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 any facility funded with Program Funds is located.
- 10.2 The County shall indemnify Horne and/or CDSS under this clause for any of the above acts attributable to its employees, consultants, agents, lower-tiered subcontractors, or Eligible Recipients, in connection with this Agreement. Horne or CDSS shall provide timely notice of any Claims describing in reasonable detail such facts and circumstances with respect to such Claims. The County shall defend Horne and/or CDSS with counsel reasonably acceptable to Horne and/or CDSS. Horne and/or CDSS may, each, at its option and own expense, engage separate counsel to advise regarding the Claim and its defense. Such counsel may attend all proceedings and meetings. The County shall not settle any Claim without the consent of Horne and/or CDSS, as applicable.
- 10.3 The County agrees to indemnify, defend and hold 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 the County in connection with this Agreement.
- 10.4 This indemnification shall survive the expiration or termination of the Agreement.

ARTICLE 11.
PREVAILING WAGE

Any construction work that is funded with Program Funds is subject to state prevailing wage law, including California Labor Code section 1720 *et seq.* The County is responsible for ensuring that all Eligible Recipients comply with Prevailing Wage law as well as any other applicable federal or state labor requirements.

ARTICLE 12.
RELOCATION.

The County is responsible for ensuring that all Eligible Recipients comply with applicable relocation laws, including Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. section 4601 *et seq.*), the California Relocation Assistance Law (California Government Code section 7260 *et seq.*) and their implementing regulations (“Relocation Laws”), if any Program Funds will be used for projects that 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 and guidance provided by CDSS, the County is responsible for ensuring that an Eligible Recipient (i) has 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; and (ii) provides any required notices and relocation benefits. The County is also responsible for ensuring compliance with California Health & Safety Code and corresponding regulations for the safe transfer and relocation of residents in residential care facilities licensed by CDSS, and ensuring that Eligible Recipients obtain CDSS’s approval of a relocation plan for each resident in care in a manner specified by CDSS.

ARTICLE 13.
INSPECTIONS, AUDITS, AND RECORD RETENTION

- 13.1 Horne and CDSS and any of their authorized representatives shall have the right to access any documents, papers, or other records of the County and any Eligible Recipients 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 the County and Eligible Recipient’s books and records, in addition to site inspections, as Horne or CDSS deems appropriate.

- 13.2 Horne and CDSS and any of their authorized representatives may perform compliance reviews and review procedures and documents pertaining to the County’s compliance with the terms of this Agreement and Eligible Recipient’s compliance with the Program Requirements, perform onsite visits and desk reviews in order to ensure Program Funds are expended for eligible uses and to protect against fraud, waste and abuse. The County shall include in all agreements with its subcontractors and Eligible Recipients, a requirement that they; (i) provide to Horne, and its authorized representatives, and CDSS and its

authorized representatives access to their records and facilities; and (ii) cooperate with any desk reviews.

- 13.3 The right to access records also includes timely and reasonable access to the County's and the Eligible Recipient's personnel for the purpose of interview and discussion related to the requested documents and/or information.
- 13.4 The right to access records is not limited to the required retention period but lasts as long as the records are retained by County and the Eligible Recipient.
- 13.5 The County shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Program Funds for the term of this Agreement and for a minimum of three (3) years thereafter, and require that all Eligible Recipients retain all records related to the Program Funds for the same period.
- 13.6 The County shall, and shall ensure that each of its subcontractors and Eligible Recipients complies with the requirements set forth in Attachment C – The California Department of Social Services Confidentiality and Information Security Requirements.
- 13.7 Any review or inspection undertaken by Horne, its designee, or CDSS, or its designee, of the County's records or of any Eligible Recipient's records or facility is solely for the purpose of determining whether the County or the Eligible Recipient is properly discharging its obligations to CDSS, and should not be relied upon by the County or by any third parties as a warranty or representation by Horne or CDSS as to the quality of the design, construction, or operation of any project. The County 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:

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

13.7.2 A repayment schedule which is agreeable to Horne, CDSS and County.

Horne reserves the right to select which option described above shall be employed; and Horne shall notify the County 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.

- 13.8 Reporting Requirements. The County shall provide Horne and CDSS with the following reports:

13.8.1 Initial quarterly reports shall be submitted within thirty (30) days of the end of each quarter. Updated quarterly reports reflecting any changes or corrections shall be submitted as soon as is practicable following the initial quarterly report.

13.8.2 An annual Program Fund Expenditure Report to be submitted not later than January 31st of each year for the prior calendar year.

13.8.3 A final report to be submitted no later than sixty (60) days after the final disbursement of Program Funds to Eligible Recipients.

All reports shall be in a form and contain such information as required by CDSS in its sole and absolute discretion. In addition to the above reporting requirements, Horne and CDSS may request additional reports and information necessary for Horne and CDSS to monitor compliance with the Program Requirements. The County shall be responsible for obtaining any necessary reporting information from its subcontractors and Eligible Recipients.

ARTICLE 14.
THIRD PARTY BENEFICIARIES.

The State, represented by CDSS in this Agreement, is a third party beneficiary of this Agreement. This 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 the County. The County shall name Horne and CDSS as third party beneficiaries with rights of enforcement in all agreements entered into by the County with Eligible Recipients.

ARTICLE 15.
MISCELLANEOUS.

15.1 Dispute Resolution:

15.1.1 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.

15.1.2 If the Parties cannot resolve a dispute arising under this Agreement pursuant to Section 15.1.1, a Party may bring the controversy, dispute or disagreement arising out of or relating to this Agreement, its breach, or its subject matter, to a court of competent jurisdiction, which shall be located in Sacramento County, California.

15.1.3 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.

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

15.1.5 This Section 15.1 shall not apply to the State.

15.2 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 15.2 does not apply to the State.

15.3 Waiver. Home's failure to notify the County of a breach or to insist on strict performance of any provision of this Agreement shall not constitute waiver of such breach or provision.

15.4 Remedies. No remedy in this Agreement is exclusive of any other remedy available under this Agreement, at law or in equity. Home or CDSS may seek equitable relief, including an injunction, against the County in connection with any breach or threatened breach of this Agreement.

15.5 Limitation of Liability. Except as otherwise provided in this Agreement, or by applicable law, the County waives any right to seek, and Home 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 the County advises Home or CDSS of the possibility of any such damages.

15.6 Relationship. The County is an independent contractor with respect to Home. 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.

15.7 Notices. Notices under this Agreement must be (i) in writing; (ii) addressed to the receiving Party at the address described in 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.

15.7.1 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:

15.7.1.1 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; and (ii) for the County, Antonette Navarro, bwellcontractsstaff@sbcbswell.org. A Party may change a Designated Representative only upon notice to the other Party pursuant to the requirements of Section 15.7(iii)(A), (B) or (C).

15.7.1.2 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 15.7(iii) (A), (B) or (C).

15.8 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.

15.9 Assignment. The County 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 AHP and CDSS. AHP's obligations under this Agreement shall be assignable to CDSS or CDSS's designee upon CDSS's request without the County's consent. In the event that AHP assigns its obligations under this Agreement to CDSS, AHP 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 AHP shall have no obligation to incur any liability, pay fees, charges, or reimbursement in connection with any assignment, wind-down or transition services.

15.10 Entire Agreement; Amendments.

15.10.1 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.

15.10.2 For the County, any amendments or modifications that do not materially change the terms of this Agreement (such as changes to the Designated Representative or a Party's address for purposes of Notice) may be approved by the Director of the Department of Behavioral Wellness or designee. Except as otherwise provided in this Agreement, the Board of Supervisors of the County of Santa Barbara must approve all other amendments and modifications. County shall be responsible for determining which County parties must approve amendments and modifications in accordance with this Section 15.10.2 and Horne may rely on County's confirmations to Horne that the applicable County approval processes have been followed for any amendments or modifications.

- 15.11 Independent Legal and Tax Advice. Horne and the County, each, have reviewed and negotiated this Agreement using such independent legal and tax counsel as each has deemed appropriate.
- 15.12 Exhibits. The Attachments, Schedules, and Addenda attached to this Agreement are a part of this Agreement and incorporated into this Agreement by reference.
- 15.13 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.
- 15.14 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.
- 15.15 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. Circumstances 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.

- 15.16 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 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 County agrees that the State may use and refer to the County and any Eligible Recipients in any publication, news release, advertising, speech, technical paper, or for any other purposes.
- 15.17 Notice of Litigation. Promptly, and in any event within ten (10) business days after an officer or other authorized representative of the County obtains knowledge thereof, the County shall provide written notice to Horne of (i) any litigation or governmental proceeding pending against the County which could materially adversely affect the County's or any of its Eligible Recipient's ability to perform its obligations under this Agreement and the Program Requirements; and (ii) any other event which is likely to materially adversely affect the County or an Eligible Recipient's ability to perform its obligations under this Agreement and the Program Requirements.
- 15.18 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.
- 15.19 Successors. This Agreement shall be binding upon the Parties, their successors, and assigns.
- 15.20 Approvals. Whenever this Agreement calls for a Party's approval or for CDSS'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.
- 15.21 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 day and year last written below.

HORNE LLP	SANTA BARBARA COUNTY
By: <u><i>Alethia Thomas</i></u>	By: <u><i>Antonette Navarro</i></u> <small>DocuSigned by: 2093C9A16PE1174</small>
<i>Signature of Authorized Representative</i>	<i>Signature of Authorized Representative</i>
<u>Alethia Thomas</u>	<u>Antonette Navarro</u>
<i>Print or Type Name of Person Signing</i>	<i>Print or Type Name of Person Signing</i>
<u>Partner</u>	<u>Director, Department of Behavioral Wellness</u>
<i>Representative Title</i>	<i>Representative Title</i>
Date: <u>May 30, 2024</u>	Date: <u>May 7, 2024</u>

LIST OF ATTACHMENTS

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Attachment A

STATE REQUIREMENTS

1. California Civil Rights Requirements

- a. During the performance of this Agreement, County 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. County shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination. County 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.

County shall permit access by representatives of the Department of Fair Employment and Housing, Home 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. County 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.)

County 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: County 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 County has an internal policy against a sovereign nation or peoples recognized by the United States government, County 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 County'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 County may be declared ineligible for further state contracts or grants.
- d. County 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 County or vendor. County will take such action with respect to any subcontract or purchase order Home may direct as a means of enforcing such provisions.

2. Subcontract Requirements

a. County may enter into subcontracts for services to be performed pursuant to the Program Funding Agreement, provided such subcontracts are consistent with this Agreement and provided further that County follows its procurement policy, a copy of which has been previously provided to and approved by Home. Home or CDSS reserve the right to require the substitution of subcontractors and require County to terminate subcontracts entered into in support of this Agreement.

(1) Upon receipt of a written notice from Home requiring the substitution and/or termination of a subcontract, County 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. County shall maintain a copy of each subcontract, including supporting documentation of cost reasonableness for subcontracting services and shall, upon

request by Horne or CDSS, 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 and/or subcontract agreements between the County and Eligible Recipients. County accepts sole responsibility for the payment of subcontractors used in the performance of this Agreement and/or subcontract agreements between the County and Eligible Recipients.
- d. County is responsible for all performance requirements under this Agreement even though performance may be carried out through a subcontract.
- e. County shall ensure that all subcontracts for services include provision(s) requiring compliance with applicable terms and conditions specified in this Agreement.
- f. County agrees to include the following clause, relevant to record retention, in all subcontracts for services:

Subcontractor agrees to maintain and preserve, until three (3) years after termination of this Agreement and final payment of Program Funds, 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. Except as otherwise provided in this Agreement, or as may be stipulated in writing by Horne, Horne shall be County's sole point of contract for all matters related to performance and payment under this Agreement.
- h. County shall, as applicable, advise all subcontractors of their obligations to comply with this Attachment.

3. Income Restrictions

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

County 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 County's performance of this Agreement.
- f. All materials and equipment furnished in accordance with this Agreement and all work performed by County 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. 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, County 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, County 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 ninety (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, County 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 10 and Section 15.5 of the Agreement, Horne shall not be liable to County 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. County shall comply with all applicable California and federal law, regulations, and published guidelines in connection with this 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, County 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. County is aware of California state laws and regulations regarding employing current or former state employees. If County 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 twelve (12)-month period prior to their leaving state service.

If County violates any provisions of above paragraphs, such action by County 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)).

**Name of County: SANTA
BARBARA COUNTY**

Printed Name of Person Signing for County

Antonette Navarro
DocuSigned by:
Antonette Navarro
2095C5A16FE1474

Contract Number: 22-3100

Signature of Person Signing for County

May 7, 2024

Director, Department of Behavioral Wellness

Date

Title

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

ATTACHMENT B

CERTIFICATION REGARDING LOBBYING
AND CONFLICTS OF INTEREST

B-2

Attachment C

**The California Department of Social Services
Confidentiality and Information Security Requirements
County - 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 County is obligated to follow with respect to all confidential and sensitive information (as defined herein) disclosed to or collected by County, pursuant to the Agreement in which this Attachment is incorporated. CDSS, Home and County 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 County and Home.

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.). County 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 Code 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 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/ mailing 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.
- b. CDSS CSP which may become available to County as a result of the implementation of the Agreement shall be protected by County from unauthorized access, use, and disclosure as described in this Attachment.
- c. County 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 County of these confidentiality provisions;
 - ii. already known to County before receipt from CDSS without an obligation of confidentiality owed to CDSS;
 - iii. provided to County from a third party except where County knows, or reasonably should know, that the disclosure constitutes a breach of confidentiality or a wrongful or tortious act; or
 - iv. independently developed by County without reference to CDSS CSP.

III. County Responsibilities.

- a. **TRAINING.** County 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.** County 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.** County 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 County receives a subpoena or other validly issued administrative or judicial notice requesting the disclosure of CDSS CSP, County

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 County's responsible unit for handling subpoenas and court orders.

- e. **INFORMATION SECURITY OFFICER.** County 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.** County 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.** County 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 County and Horne, or upon a date mutually agreed upon by the Parties following expiration or termination, County shall return or destroy CDSS CSP. If return or destruction is not feasible, County 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 County 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, County may retain, after expiration or termination, CDSS CSP for the time specified as necessary to comply with the law.
- j. **RECORDS RETENTION.** Maintain all project materials and records pertaining to service delivery and fiscal and administrative controls for three years after final payment has been made under the terms of this Agreement, or until all pending county, State and federal audits are completed, whichever is later. County agrees that the State or its designated representative shall have the right to review and copy any records and supporting documentation pertaining to the performance of this Agreement. Upon request, the County shall promptly make these materials and records available to the State or its representative including the State Auditor. County agrees to allow the State or its representative access to such records

during normal business hours and to allow interviews of any employees or others who might reasonably have information related to such records. Further, County agrees to include a similar right of the State to audit records and interview staff in any subcontract related to this Agreement.

- k. **OBLIGATIONS CONTINUE UNTIL RETURN OR DESTRUCTION.** County'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 and subpoenas, shall continue until County returns or destroys CDSS CSP or returns CDSS CSP to CDSS; provided, however, that on expiration or termination of the Agreement between County and Horne, County shall not further use or disclose CDSS CSP except as required by state or federal law.
- l. **NOTIFICATION OF ELECTION TO DESTROY CDSS CSP.** If County elects to destroy CDSS CSP, County 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.
- m. **BACKGROUND CHECK.** Before a member of County's workforce may access CDSS CSP, County 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. County shall retain each workforce member's background check documentation for a period of three (3) years following Agreement termination.
- n. **CONFIDENTIALITY SAFEGUARDS.** County 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. County 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 County'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, County acknowledges that the information resources maintained by CDSS and provided to County may be confidential, sensitive, and/or personal and requires special precautions to protect it from wrongful access, use, disclosure, modification, and destruction.

2. **Workstation/Laptop Encryption.** All County-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 County-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.
8. **Patch Management.** To correct known security vulnerabilities, County shall install security patches and updates in a timely manner on all County-owned or managed workstations, laptops, tablets, smart phones, and similar devices that process and/or store CDSS CSP as appropriate based on County's risk assessment of such patches and updates, the technical requirements of County'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 username for accessing CDSS CSP. County'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 800-88, 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.
 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 County outside the secure internal network must be encrypted using a FIPS 140-2 certified algorithm, such as Advanced Encryption Standard (AES), with a 128-bit 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 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.** County 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.** County 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 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 County 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 County confirms the recipient fax number before sending, takes precautions to ensure that the fax was appropriately received, maintains procedures to notify recipients if County'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.

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

- a. **CDSS CSP Information Security Incidents and/or Breaches Response Responsibility.** County 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) 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.** County shall notify the Home 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 County 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. County 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.** County 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 County shall cooperate fully in such investigations. County is not required to disclose their un-redacted confidential, proprietary, or privileged information. County will keep CDSS fully informed of the results of any such investigation.
- e. **Updates on Investigation.** County 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 County and the Horne Program Director/CDSS Information Security and Privacy Officer. County is not required to disclose their unredacted confidential, proprietary, or privileged information.
- f. **Written Report.** County 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. County is not required to disclose their unredacted confidential, proprietary, or privileged information. The report shall include, but not be limited to, if known, the following:
 - i. County 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
 - 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, County 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 County'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.

V. **Contact Information.** To direct communications to the above-referenced Horne and CDSS staff, County 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 County. 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

VI. **Audits and Inspections.** CDSS may inspect and/or monitor compliance with the safeguards required in this Attachment. County 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 County of its responsibility to comply with this Attachment.

- VII. Amendment.** The Parties acknowledge that federal and state laws regarding information security and privacy rapidly evolve 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.
- VIII. 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.
- IX. Termination.** An Information Security Incident and/or Breach of CDSS CSP by County, its employees, agents, or subcontractors, as determined by CDSS, may constitute a material breach of the Agreement between County and Horne and grounds for immediate termination of the Agreement.
- X. 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 County 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 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 DocuSigned by:
Antonette Navarro
209565A16FE1474...

Name (Printed): Antonette Navarro

Title: Director, Department of Behavioral Wellness

Business Name: Santa Barbara County
Email Address: anavarro@sbcbswell.org
Phone: (805) 681-5220
Signature: Antoinette Navarro
Date Signed: May 7, 2024

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

Name (Printed): Chris Ribeiro
Title: Chief Financial Officer
Business Name: SBC Behavioral Wellness
Email Address: cribeiro@sbcbswell.org
Phone: (805) 681-5220
Signature: Chris Ribeiro
Date Signed: May 7, 2024

Attachment D

FUNDING LETTERS

[attached]

December 14, 2022

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY WELFARE DIRECTORS LETTER

The purpose of this letter is to notify All County Welfare Directors of a one-time \$55 million appropriation for Operating Subsidy Payments (OSPs) for the Community Care Expansion (CCE) Preservation Funds as a result of the Budget Act of 2022 (AB 178, Chapter 45, Statutes of 2022). Additionally, counties that did not accept allocations from the Notice of Funding Availability (NOFA) dated June 10, 2022, have another opportunity to accept previously offered funds or indicate their interest in program participation by submitting a Letter of Interest (LOI) no later than Wednesday, January 25, 2023.



KIM JOHNSON
DIRECTOR

CALIFORNIA HEALTH & HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • www.cdss.ca.gov



GAVIN NEWSOM
GOVERNOR

December 14, 2022

TO: ALL COUNTY WELFARE DIRECTORS

FROM: HANNA AZEMATI, DEPUTY DIRECTOR
HOUSING AND HOMELESSNESS DIVISION

SUBJECT: NOTICE OF FISCAL YEAR (FY) 2022--23 AND FY 2021--22
COMMUNITY CARE EXPANSION PRESERVATION FUNDS FOR
COUNTIES

REFERENCE: ASSEMBLY BILL (AB) 178 (CHAPTER 45, STATUTES OF 2022),
AB 172, COMMUNITY CARE EXPANSION PRESERVATION
NOTICE OF FUNDING AVAILABILITY DATED JUNE 10, 2022.

The purpose of this letter is to notify All County Welfare Directors of a **one-time \$55 million** appropriation for noncompetitive allocations of the Operating Subsidy Payments (OSPs) for the Community Care Expansion (CCE) Preservation Funds as a result of the Budget Act of 2022 (AB 178, Chapter 45, Statutes of 2022). These funds are available in addition to funds previously announced in the Notice of Funding Availability (NOFA) dated June 10, 2022.

Counties that did not accept funds in the first release through the NOFA dated June 10, 2022 have another opportunity to accept previously offered funds as outlined in Section V. Counties with populations under 200,000 who are interested but not able to accept funds at this time may indicate interest in program participation by submitting a Letter of Interest (LOI). The LOI process is outlined in Section VI. **The deadline to accept funds or submit an LOI is Wednesday, January 25, 2023.**

This letter also notifies counties of two changes related to the funds announced in the NOFA dated June 10, 2022, outlined further in Section II and Section III below including a change in funding source for Capital Projects (CP) funds as well as the administrative cost limits associated with CCE Preservation Funds.

All County Welfare Directors Letter
Page Two

The California Department of Social Services (CDSS) is contracting with Advocates for Human Potential, Inc. (AHP), to serve as the third-party administrator for the CCE program.

I. BACKGROUND

The CCE program was established by AB 172 (Chapter 696, Statutes of 2021) to fund capital projects and promote the sustainability of residential adult and senior care facilities and to address historic gaps in the long-term care continuum. The CCE program provides funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve people receiving or applying for Supplemental Security Income/State Supplementary Payment (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI), including those who are experiencing or at risk of homelessness.

The **CCE Preservation Funds** are for the immediate preservation of licensed residential adult and senior care facilities serving applicants or recipients SSI/SSP or CAPI, including those who are experiencing or at risk of homelessness. The CCE Preservation Funds are divided into two components:

- 1) **Operating Subsidy Payments (OSP)** to fund operating subsidies to existing licensed residential adult and senior care facilities serving qualified residents. OSP funds can cover an eligible licensed facility's actual or projected operating deficits.
- 2) **Capital Projects (CP)** to preserve facilities in need of critical repairs or required upgrades, thereby potentially preventing facility closure, which could result in exits to homelessness. Funds can be applied to physical repairs and upgrades on an approved facility's property, including inside or outside the facility, within its property line. The CP funds can also fund repairs needed to ensure facilities are compliant with licensing standards.

The NOFA dated June 10, 2022, announced a total of \$197.5 million in noncompetitive allocations for all counties with eligible licensed residential adult and senior care facilities. This funding was appropriated through the Budget Act of 2021. Counties were required to accept or decline all or a portion of the OSP and/or CP allocation(s) via Director's Certification by July 29, 2022. Through this process, thirty-five out of forty-seven eligible counties accepted over \$187 million in noncompetitive allocations. Program requirements and guidance for the CCE Preservation Funds are outlined in the NOFA dated June 10, 2022.

II. FY 2022-23 FUNDING AVAILABILITY

The Budget Act of 2022 appropriated an additional, one-time \$55 million to fund OSPs. CDSS will reserve up to five percent of the funds for state operations and

All County Welfare Directors Letter
Page Three

administration. The remaining \$52,250,000 will be available to counties via a needs-based allocation methodology, as reflected in Section IV.

A summary of total CCE Preservation funding amounts provided to counties in FY 2021--22 and FY 2022--23 is outlined in the table below. The FY 2022--23 OSP funds have the same expenditure deadlines as the FY 2021--22 OSP funds.

Additionally, the funding source for CP funds has changed from State and Local Fiscal Recovery Funds (SFRF) to the state General Fund.

Purpose	Match	Funding Source and Expenditure Timeline	Allocated Amount
OSP – FY 2022--23	None	State general funds must be obligated by June 30, 2027, and liquidated by June 30, 2029	\$52,250,000
OSP – FY 2021--22	None	State general funds must be obligated by June 30, 2027, and liquidated by June 30, 2029	\$54,747,179
CP – FY 2021--22	10% match	State general funds must be obligated by June 30, 2024, and liquidated by December 31, 2026	\$142,488,003
		Total CCE Preservation Funds	\$249,485,182

III. CHANGE TO ADMINISTRATIVE COST LIMIT

Previously, the NOFA dated June 10, 2022, required that counties minimize administrative costs, not to exceed 10 percent. Based on the nature of the CCE Preservation Program and the significant level of coordination, planning and oversight required to implement the program, **CDSS has increased the threshold of funding that may be used for administrative activities from 10 percent to 15 percent.**

All County Welfare Directors Letter
Page Four

Counties should continue to minimize administrative costs, not to exceed the 15 percent limit. This threshold applies to all CCE Preservation Funds, including any CCE Preservation Funds previously accepted via the NOFA dated June 10, 2022.

IV. UPDATED COUNTY ALLOCATIONS AND METHODOLOGY

Funding is available via a noncompetitive allocation for counties with qualifying facilities (i.e., licensed facilities that are not funded by regional centers and that are currently serving individuals who are applicants or recipients of SSI/SSP or CAPI). The FY 2022--23 OSP Funds were distributed proportionate to each county's share of statewide need. Statewide need is defined as the total number of beds in qualifying facilities occupied by an applicant or recipient of SSI/SSP, according to CDSS' Community Care Licensing Division (CCLD) survey data. Allocations are not available via the FY 2022--23 non-competitive allocation for counties with no qualifying facilities.

Allocation amounts are listed in Attachment One.

V. PROCESS TO ACCEPT FUNDS

Counties wishing to accept the noncompetitive allocations in Attachment One, Tables 1 and/or 2 shall submit a signed and completed Director's Certification (Attachment Two) to housing@dss.ca.gov. The Director's Certification is required for the county to accept the remaining FY 2021--22 funds and/or the additional FY 2022--23 funds, regardless of whether the county is newly participating or has previously accepted CCE Preservation Funds. The CDSS will only accept Director's Certifications from the designated county department that accepted the funds announced in the NOFA dated June 10, 2022.

Counties must accept or decline funds via the Director's Certification by Wednesday, January 25, 2023.

Additional information for counties accepting funds for the first time

Any county that did not already accept funds announced in the NOFA dated June 10, 2022, may accept funds in response to this funding announcement. Counties must review the NOFA dated June 10, 2022, for further information on program requirements and guidance.

Counties accepting funds for the first time may choose to accept funds for either OSP, CP, or both. If both are accepted, a county must designate one county department to implement both program components. Any county department is eligible to accept the funds. Examples include, but are not limited to, social service departments, health departments, aging or adult services, behavioral health departments, or housing and community development departments. Counties are encouraged to contact housing@dss.ca.gov with any questions related to the funds acceptance process.

All County Welfare Directors Letter
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VI. LETTER OF INTEREST

The CDSS recognizes that many counties with populations under 200,000 did not accept the allocations published in the NOFA dated June 10, 2022. Recognizing the need to preserve licensed adult and senior care facilities across the entire state, CDSS is accepting Letters of Interest (LOI) from counties with populations less than 200,000 who are interested in accepting CCE Preservation Funds but require additional supports to do so, and are therefore not able to accept funds at this time.

If a county with **a population of less than 200,000** is interested in implementing a CCE Preservation program, but not currently able to accept CCE Preservation Funds, please provide an LOI addressing the following elements:

- I. Summary of county's interest and need for CCE Preservation Funds
- II. Barriers preventing the county from implementing CCE Preservation Funds
- III. Resources or supports that CDSS or AHP could provide to overcome these barriers

Please submit LOIs (no more than one LOI per county) **by Wednesday, January 25, 2023**, to housing@dss.ca.gov.

The CDSS will review LOIs to understand where additional technical assistance or support is needed. The CDSS may request additional information to better understand the barriers identified within LOIs. Funding is not guaranteed through submission of an LOI. Furthermore, an LOI is not required before submitting a Director's Certification.

Counties are encouraged to contact housing@dss.ca.gov with any questions regarding the LOI process.

VII. UPDATED AWARD TIMELINE

The CDSS will issue award letters on a rolling basis within 45 business days of receiving a completed Director's Certification.

The AHP will issue or amend a Standard Agreement (contract), as applicable following the release of award letters. The Standard Agreement must be signed, submitted, and fully executed with AHP before these additional OSP funds will be disbursed.

The NOFA dated June 10, 2022, requires that participating counties submit an Implementation Plan by January 15, 2023. If a continuing county has already submitted an Implementation Plan by the time additional funds are accepted, counties may amend their plan, if needed. The CDSS does not anticipate significant changes in county implementation plans based on this FY 2022--23 augmented funding. Further instructions related to amended or revised Implementation Plans, as well as

All County Welfare Directors Letter
Page Six

Implementation Plan timeline for newly participating counties, will be provided under separate cover, as applicable.

VII. TECHNICAL ASSISTANCE AND ADDITIONAL INFORMATION

The CDSS and AHP are committed to providing support to counties interested in implementing CCE Preservation Funds. The AHP will be providing informational webinars, templates and sample documents, and direct technical assistance support throughout implementation. Counties are encouraged to contact housing@dss.ca.gov with any questions, concerns, or technical assistance requests regarding implementation of the CCE Preservation Program.

Refer to the [NOFA dated June 10, 2022](#), for more information on the purpose, eligibility requirements, program operating requirements, and responsibilities for county implementation of the CCE Preservation Funds.

Refer to the [CCE Preservation website](#) to review additional resources, including FAQs and a recording of an informational webinar held June 17, 2022.

Contact housing@dss.ca.gov with questions about this letter or attachments.

ATTACHMENT ONE: ALLOCATION TABLES

Counties wishing to accept the noncompetitive allocations in Tables 1 and/or 2 shall submit a signed and completed Director's Certification (Attachment One of this ACWDL) to housing@dss.ca.gov by **Wednesday, January 25, 2023**.

Table One: Operating Subsidy Payment Noncompetitive Allocations

County	A. FY 21--22 OSP Funds Remaining	B. Additional FY 22--23 OSP Funds	C. Total FY 21--22 and FY 22--23 OSP Funds Available to Accept (A+B)	<i>D. For Reference: Total OSP Funds Made Available through FY 21--22 and FY 22--23 (includes new and previously accepted funds)</i>
Alameda	Accepted	\$1,535,773	\$1,535,773	\$3,055,380
Alpine	-	-	-	-
Amador	\$200,000	\$26,221	\$226,221	\$226,221
Butte*	-	-	-	-
Calaveras	\$200,000	\$18,729	\$218,729	\$218,729
Colusa	-	-	-	-
Contra Costa	Accepted	\$1,202,398	\$1,202,398	\$2,392,139
Del Norte	-	-	-	-
El Dorado	\$200,000	\$22,475	\$222,475	\$222,475
Fresno	Accepted	\$1,112,499	\$1,112,499	\$2,213,288
Glenn	Accepted	\$14,983	\$14,983	\$214,983
Humboldt	Accepted	\$41,204	\$41,204	\$241,204
Imperial	\$200,000	\$153,577	\$353,577	\$353,577
Inyo	-	-	-	-
Kern	Accepted	\$839,057	\$839,057	\$1,669,281
Kings	\$200,000	\$52,441	\$252,441	\$252,441
Lake	\$200,000	\$22,475	\$222,475	\$222,475
Lassen	\$200,000	\$7,492	\$207,492	\$207,492
Los Angeles	Accepted	\$19,863,912	\$19,863,912	\$39,518,733
Madera	Accepted	\$89,899	\$89,899	\$289,899
Marin	Accepted	\$221,002	\$221,002	\$439,677
Mariposa	-	-	-	-

Mendocino	\$200,000	\$59,933	\$259,933	\$259,933
Merced	Accepted	\$86,153	\$86,153	\$286,153
Modoc	-	-	-	-
Mono	-	-	-	-
Monterey	Accepted	\$651,767	\$651,767	\$1,296,673
Napa	\$200,000	\$14,983	\$214,983	\$214,983
Nevada	Accepted	\$14,983	\$14,983	\$214,983
Orange	Accepted	\$4,685,981	\$4,685,981	\$9,322,636
Placer	Accepted	\$198,527	\$198,527	\$398,527
Plumas	-	-	-	-
Riverside	Accepted	\$1,797,978	\$1,797,978	\$3,577,030
Sacramento	Accepted	\$2,442,254	\$2,442,254	\$4,858,800
San Benito*	-	-	-	-
San Bernardino	Accepted	\$2,816,833	\$2,816,833	\$5,604,015
San Diego	Accepted	\$3,382,447	\$3,382,447	\$6,729,289
San Francisco	Accepted	\$1,513,298	\$1,513,298	\$3,010,667
San Joaquin	Accepted	\$1,352,230	\$1,352,230	\$2,690,226
San Luis Obispo	Accepted	\$138,594	\$138,594	\$338,594
San Mateo	Accepted	\$827,819	\$827,819	\$1,646,924
Santa Barbara	\$263,151	\$265,951	\$529,102	\$529,102
Santa Clara	Accepted	\$1,636,909	\$1,636,909	\$3,256,588
Santa Cruz	Accepted	\$483,207	\$483,207	\$961,327
Shasta	\$200,000	\$138,594	\$338,594	\$338,594
Sierra	-	-	-	-
Siskiyou	Accepted	\$48,695	\$48,695	\$248,695
Solano	Accepted	\$580,597	\$580,597	\$1,155,083
Sonoma	Accepted	\$344,613	\$344,613	\$685,598
Stanislaus	Accepted	\$1,532,027	\$1,532,027	\$3,047,928
Sutter	Accepted	\$550,631	\$550,631	\$1,095,466
Tehama	\$218,675	\$221,002	\$439,677	\$439,677
Trinity	Accepted	\$22,475	\$22,475	\$222,475
Tulare	\$448,469	\$453,240	\$901,709	\$901,709
Tuolumne	\$200,000	\$26,221	\$226,221	\$226,221
Ventura	Accepted	\$569,360	\$569,360	\$1,132,727
Yolo	Accepted	\$104,882	\$104,882	\$304,882
Yuba	Accepted	\$63,678	\$63,678	\$263,678
Total	\$3,130,295	\$52,250,000	\$55,380,295	\$106,997,179

*Counties marked with an asterisk have licensed facilities in which regional centers are not the vendor, but the allocation methodology used did not identify any such licensed facilities that serve any recipients or applicants of SSI/SSP or CAPI. If the county is

aware of eligible adult and senior care facilities not funded by regional centers that are currently serving recipients or applicants of SSI/SSP or CAPI, a base allocation of \$200,000 may be requested by contacting housing@dss.ca.gov **by the deadline of Wednesday, January 25, 2023.**

Table One Column Descriptions

- Column A indicates whether a county has already accepted the FY 2021--22 OSP funds previously made available, or whether there are remaining funds available for acceptance from FY 2021--22.
- Column B provides the new, additional FY 2022--23 OSP allocation amount available for acceptance.
- Column C totals the available funds in Column A and B – **this is the total amount available for the county to accept at this time through the Director's Certification.**
- Column D is the total amount that has been made available to the county, including funds already accepted and funds currently available to accept. For example, if all OSP funds are accepted from FY 2021--22 and FY 2022--23, the amount in Column D will be the total amount that the county has available in OSP funds.

Table Two: Capital Preservation (CP) Funds Noncompetitive Allocations

Counties that did not initially accept any FY 2021--22 CP funds may accept the FY 2021--22 CP noncompetitive allocation amounts **before Wednesday, January 25, 2023.** The allocation amounts below are the same as those published in the [NOFA dated June 10, 2022](#). Counties that have already accepted the allocations are indicated as such. No additional CP funds were appropriated in FY 2022--23.

County	Remaining FY 2021--22 CP Funds
Alameda	Accepted
Alpine	-
Amador	\$200,000
Butte*	-
Calaveras	\$200,000
Colusa	-
Contra Costa	Accepted
Del Norte	-
El Dorado	\$200,000
Fresno	Accepted
Glenn	Accepted
Humboldt	Accepted
Imperial	\$413,612
Inyo	Accepted
Kern	Accepted
Kings	\$200,000
Lake	\$200,000
Lassen	\$200,000
Los Angeles	Accepted
Madera	Accepted
Marin	Accepted
Mariposa	-
Mendocino	\$200,000
Merced	\$232,026
Modoc	-
Mono	-
Monterey	Accepted
Napa	\$200,000
Nevada	Accepted
Orange	Accepted
Placer	Accepted
Plumas	-
Riverside	Accepted
Sacramento	Accepted
San Benito*	-
San Bernardino	Accepted
San Diego	Accepted
San Francisco	Accepted

San Joaquin	Accepted
San Luis Obispo	Accepted
San Mateo	Accepted
Santa Barbara	Accepted
Santa Clara	Accepted
Santa Cruz	Accepted
Shasta	\$373,259
Sierra	-
Siskiyou	Accepted
Solano	Accepted
Sonoma	\$928,104
Stanislaus	Accepted
Sutter	Accepted
Tehama	\$595,197
Trinity	Accepted
Tulare	\$1,220,659
Tuolumne	\$200,000
Ventura	Accepted
Yolo	Accepted
Yuba	Accepted
Total	\$5,562,857

*Counties marked with an asterisk have licensed facilities in which regional centers are not the vendor, but the allocation methodology used did not identify any such licensed facilities that serve any recipients or applicants of SSI/SSP or CAPI. If the county is aware of eligible adult and senior care facilities not funded by regional centers that are currently serving recipients or applicants of SSI/SSP or CAPI, a base allocation of \$200,000 may be requested by contacting housing@dss.ca.gov **by the deadline of Wednesday, January 25, 2023.**

ATTACHMENT TWO: FY 22--23 CCE PRESERVATION DIRECTOR'S CERTIFICATION

Counties must submit a completed, signed Director's Certification to housing@dss.ca.gov by **Wednesday, January 25, 2023**, to accept funds. Director's Certifications must be submitted by both counties accepting CCE Preservation Funds for the first time, as well as counties that have not previously accepted funds for the program – however, please note that not all sections are applicable to counties that previously accepted funds.

Section I: Contact Information

All counties:

1. County: _____
2. Point of contact for this Director's Certification (Note: CDSS and AHP may contact this person if there are questions about the certification):
 - A. Name: _____
 - B. Title: _____
 - C. Email: _____
3. Please indicate which county agency or department is accepting funds on behalf of the county:
 - A. County Department or Agency Name: _____

Section II: Accept OSP Funds

Counties accepting any OSP funds must fill out this Section, regardless of whether they have previously accepted CCE Preservation Funds.

4. The county hereby:
 - Accepts the full allocation of OSP funds (Attachment One, Table One, Column C)
 - Accepts a partial allocation of OSP funds (Attachment One, Table One, Column C)
 - Declines entire allocation of OSP funds available (Attachment One, Table One, Column D)Confirm amount of OSP funds accepted (do not include previously accepted funds): \$ _____
5. Confirm total amount of OSP funds accepted by the county to date, including any OSP funds previously accepted and the amount accepted in Question 4:
\$ _____

Please check this box if the county is interested in accepting additional OSP funds, if available

Section III: Accept CP Funds

If a county has already accepted the full amount of CP funds currently available to their county, **do not complete this section.** Although no additional funds have been made available for CP funds in FY 2022--23, counties that did not previously accept FY 2021--22 CP funds may fill out the below to do so.

6. The county hereby:

- Accepts the full amount of CP funds in Attachment One, Table Two
- Accepts a partial amount of CP funds in Attachment One, Table Two
- Declines entire allocation of CP funds available in Attachment One, Table Two

7. Confirm amount of CP funds accepted (do not include previously accepted funds): \$ _____

Check this box if the county is interested in accepting additional CP funds, if available.

Check this box to confirm the county will provide the 10 percent match for any CP funds accepted. Match may be provided by the county or contributed by facilities awarded CP funds. However, counties are responsible for ensuring that the 10 percent match is met.

Section IV: Director Certification Agreement

By submitting this certification to accept funds, the Director of the county department administering the program certifies that the implementation of CCE Preservation Funds will be consistent with relevant laws, regulations, program guidance, and evidence-based practices, including those outlined in this ACWDL as well as the NOFA dated June 10, 2022.

County Director Signature

County Director Name

Date

**Community Care Expansion Preservation Program
Operating Subsidy Payment and Capital Projects
Notice of Funding Availability**

DATE: JUNE 10, 2022

TO: ALL COUNTY DIRECTORS

SUBJECT: NOTICE OF FUNDING AVAILABILITY FOR THE COMMUNITY CARE EXPANSION PROGRAM: PRESERVATION OPERATIONAL SUBSIDIES AND PRESERVATION CAPITAL FUNDS

REFERENCE: Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021); Welfare and Institutions Code (WIC) Section 18999.97; Senate Bill (SB) 129 (Chapter 69, Statutes of 2021)

The purpose of this letter is to notify all County Directors of noncompetitive allocations available for all counties with licensed residential adult and senior care facilities. This funding is available through the Community Care Expansion (CCE) Preservation Funds for the immediate preservation of licensed residential adult and senior care facilities serving applicants or recipients of Supplemental Security Income/State Supplementary Payment (SSI/SSP) or Cash Assistance Program for Immigrants (CAPI), including those who are experiencing or at risk of homelessness. The CCE Preservation Funds include operating subsidies and funds for capital projects.

Counties accepting these funds will be responsible for the administration and disbursement of funds to existing licensed adult and senior care facilities serving the prioritized population, consistent with the state guidelines provided within this funding announcement.

The California Department of Social Services (CDSS) is contracting with Advocates for Human Potential, Inc. (AHP), a consulting and research firm focused on improving health and human services systems, to serve as the third-party administrator for the CCE program.

I. PROGRAM BACKGROUND

California has a shortage of adult and senior care facilities (e.g., Adult Residential Facilities [ARFs] and Residential Care Facilities for the Elderly [RCFEs]) that accept individuals receiving or applying for SSI/SSP or CAPI. It has also seen a decline in the number of SSI/SSP recipients residing in adult and senior care facilities. The CCE program was established by Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021) to fund capital projects and promote the sustainability of residential adult and senior care facilities and to address historic gaps in the long-term care continuum. The CCE program will provide a total of \$805 million in funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve SSI/SSP

Community Care Expansion Preservation Program Operating Subsidy Payment and Capital Projects Notice of Funding Availability

and CAPI applicants and recipients, including those who are experiencing or at risk of homelessness.

A total of \$195 million is reserved for the CCE Preservation Funds, which are intended to immediately preserve and avoid the closure of licensed residential adult and senior care facilities serving qualified residents, defined as applicants or recipients of SSI/SSP or CAPI, including the “prioritized population” of qualified residents who are experiencing or at risk of homelessness (WIC sections 18999.97(c)(1) and (2)).

The \$195 million Preservation Funds comprise \$55 million in state general funds for preservation operating subsidy payments and \$140 million in State Fiscal Recovery Funds (SFRF) established by the American Rescue Plan Act (ARPA) of 2021 (Public Law 117-2) for preservation capital projects. Refer to Section II: Allocation and Budget for additional information on the funding available for each of these eligible uses and expenditure deadlines.

California State Priorities

CCE funding opportunities 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

In addition to the CCE Preservation Funds described in this letter, \$570 million is available for the CCE Capital Expansion Program through a joint Request for Applications alongside the Department of Health Care Services Behavioral Health Continuum Infrastructure Program. **The timeline, eligible uses, program guidelines, and eligibility for the CCE Capital Expansion Program are distinct from the CCE Preservation Funds outlined in this letter.** Counties interested in funds to support the creation or expansion of care facilities or other residential care settings to serve recipients or applicants of SSI/SSP or CAPI are encouraged to learn more about the

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CCE Capital Expansion funds, which are available for acquisition, construction, and rehabilitation to expand adult and senior care facilities serving qualified residents. Please visit the Improving California's Infrastructure website for more information on CCE Capital Expansion funds.

II. ALLOCATION AND BUDGET INFORMATION

Funding Availability

The CCE Preservation Funds identified in this letter total \$195 million in noncompetitive allocations to counties for the immediate preservation of licensed residential adult and senior care facilities serving qualified residents. Note: facilities vendored by regional centers are not eligible for CCE Preservation Funds. However, these facilities and/or operators are encouraged to contact the regional center to request assistance in identifying resources related to capital development or rehabilitation, if applicable.

The CCE Preservation Funds are divided into two components:

- **Operating Subsidy Payments (OSP):** \$55 million is available to fund operating subsidies to existing licensed residential adult and senior care facilities serving qualified residents. The intent of the OSP funds is to preserve and avoid the closure of critical residential adult and senior care facilities. OSP funds can cover an eligible licensed facility's potential or projected operating deficits. Refer to Sections 101 and 201 for more information on OSPs.
- **Capital Projects (CP):** \$140 million is available in capital funds to preserve facilities in need of critical repairs or required upgrades, thereby potentially preventing facility closure, which could result in exits to homelessness. Funds can be applied to physical repairs and upgrades on an approved facility's property, including inside or outside the facility, within its property line. The CP can also fund repairs needed to ensure facilities are compliant with licensing standards. Refer to Sections 102 and 202 for more information on CPs.

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Operating Subsidy Payment and Capital Projects
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Funding and match requirements are as follows:

Purpose	Match	Funding Source and Expenditure Timeline	Amount
Operating Subsidy Payments (OSP)	None	State general fund must be obligated by June 30, 2027, and liquidated by June 30, 2029	\$55,000,000
Capital Projects (CP)	10% match	Federal SFRF funds must be obligated by June 30, 2024, and liquidated by December 31, 2026	\$140,000,000
Total CCE Preservation Funds			\$195,000,000

Federal and State Expenditure Timeline

Of the \$195 million in CCE Preservation Funds, the OSP component is funded by state general funds. OSP funds must be obligated by June 30, 2027, and liquidated by June 30, 2029.

The CP component is funded by the SFRF pursuant to ARPA. CP funds must be obligated by June 30, 2024, and liquidated by December 31, 2026.

Allocation Methodology

OSP and CP preservation funds are available to all counties with current licensed facilities serving qualified residents. The noncompetitive allocations are listed in Section 206. A need-based methodology for each county was determined by calculating the proportion of beds in existing licensed facilities currently serving individuals receiving SSI/SSP according to Community Care Licensing Division (CCLD) survey data. Facilities funded by regional centers are excluded and not eligible for CCE Preservation Funds. Refer to "Process to Accept CCE Preservation OSP and/or CP Funds" below for information on how county entities can accept funds.

Funding is not available in the noncompetitive allocation for counties with no qualifying facilities (i.e., no current licensed facilities willing to accept individuals who are applicants or recipients of SSI/SSP, not funded by regional centers). However, a base allocation of \$200,000 may be requested if the county believes there are existing licensed adult and senior care facilities serving applicants or recipients of SSI/SSP or CAPI that were not identified by the need-based methodology. Counties interested in this option must contact cce.preservation@ahpnet.com no later than July 15, 2022.

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Refer to Section 206 to review the counties that fall into this category, as indicated by an asterisk.

Allocations and Awards Timeline

The following table summarizes the CCE Preservation Fund timeline:

Notice of funding availability released	June 10, 2022
Stakeholder webinar	June 17, 2022
Deadline for counties to accept allocations via the Director's Certification	July 15, 2022
Deadline for counties to submit initial Implementation Plan for OSP and/or CP Preservation Funds	October 15, 2022
Deadline for counties to submit final Implementation Plan for OSP and/or CP Preservation Funds	January 15, 2023
Initial award announcements	Continuous; individual award announcements will be issued within 45 days of receipt of a complete Director's Certification
Standard Agreement (contract) with participating counties	AHP will issue a Standard Agreement (contract) for counties within 60 days of county initial Implementation Plan submission

CDSS reserves the right to modify the projected timeline at any time.

Process to Accept CCE Preservation OSP and/or CP Funds

Counties may choose to accept funds for either OSP, CP, or both. If both are accepted, a county must designate one county department to implement both program components. Any county department is eligible to accept the funds; examples include, but are not limited to, social service departments, health departments, aging or adult services, the behavioral health department, or housing and community development departments. However, the same county department must administer both OSP and CP funds.

Counties must accept or decline funds via the Director's Certification in the web portal by July 15, 2022. Counties are encouraged to accept funds as soon as possible to meet the immediate needs of adult and senior care facilities at risk

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of closure. Funds not accepted by July 15, 2022, will be redistributed to counties that confirm an ability to accept additional funds via the web portal.

Award Announcement and Contract

AHP will review responses via the web portal on a rolling basis. Within 45 days of receiving the complete Director's Certification, AHP will issue an award letter.

Following submission of a signed Director's Certification, counties will be required to submit an initial CCE Preservation Funds Implementation Plan. Initial plans are due no later than October 15, 2022. If additional time is needed to seek local approval or to finalize the plan, counties may submit an amended or final Implementation Plan no later than January 15, 2023.

AHP will issue a Standard Agreement (contract) within 60 days of receipt of an initial Implementation Plan. The final Implementation Plan will be attached as an Addendum to the Standard Agreement (contract) and monitored for compliance where appropriate, as well as serve as a starting point for ongoing technical assistance (TA). The Standard Agreement must be signed, submitted, and fully executed with AHP before initial funding can be disbursed.

III. PROGRAM ADMINISTRATION

Summary of Program Requirements

AHP, with direction from CDSS, will award funds and issue contracts for CCE Preservation Funds to interested counties. AHP will use the web platform to obtain Director's Certifications and Implementation Plans.

Counties accepting funds shall be responsible for and asked to certify to the following:

- Submit a Director's Certification of funds acceptance.
- Identify one county department to manage all CCE Preservation Funds (both OSP and CP grants).
- Submit an Implementation Plan outlining how the program will be administered.
- Ensure program administration is consistent with the attached notice of funding availability (NOFA) and executed contract, including application processes, funding disbursement, and monitoring for funding accepted (OSP, CP, or both) for eligible use.
- Ensure facilities receiving funds are in good standing with CCLD at CDSS.
- Maximize funds for preservation of licensed facilities serving qualified residents and the prioritized population and limiting county administrative costs to 10 percent or less.

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- Provide reports to AHP and CDSS upon request. The reporting frequency is generally expected to be quarterly at minimum; however, additional ad hoc reports may be requested.
- Provide match funds for CP funds of at least 10 percent, either provided by the county or contributed by facilities in receipt of CP funds. Note: OSP funds do not require a county match.

Technical Assistance

AHP has been contracted to offer ongoing general training and TA throughout the life of the CCE Preservation Funds, effective immediately. Topics may include, but are not limited to, permit and licensing requirements, construction plans, oversight and management, braiding of funds, workforce development strategies, racial equity, serving diverse and complex individuals, and leveraging Medicaid and other funding sources for sustainability and budgeting best practices. 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, as well as addressing concerns common to capital development projects serving the prioritized populations.

Counties may request TA by contacting cce.preservation@ahpnet.com.

Additional information about AHP and CCE is available at <https://www.buildingcalhhs.com>.

IV. QUESTIONS AND ADDITIONAL INFORMATION

Contact cce.preservation@ahpnet.com with questions about this letter or attachments.

Additional information to address questions will be provided through a public webinar scheduled for June 17, 2022); an announcement will be forthcoming, following the release of this letter.

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Article I – Program Overview

The Community Care Expansion (CCE) Preservation Funds consist of two components: 1) Operating Subsidy Payments (OSP) and 2) Capital Projects (CP).

The unique goals, eligibility, and uses of each component are outlined throughout this attachment. Both components are intended to support the immediate preservation of licensed residential adult and senior care facilities serving qualified residents, defined as applicants or recipients of SSI/SSP or CAPI, including the prioritized population of qualified residents who are experiencing or at risk of homelessness.

Section 101 – Preservation OSP

The intent of the OSP funds is to provide operating subsidies to existing licensed residential adult and senior care facilities to preserve them and avoid their closure, as well as to increase the acceptance of new qualified residents, including the prioritized population. Note: Facilities vendored by a regional center are not eligible for these funds.

OSP funds can cover an eligible licensed facility's potential or projected operating deficits. Operating costs are the costs associated with the day-to-day physical operation (e.g., staffing, utilities, security, maintenance) of qualified facilities. OSP funds will cover operating costs that are not covered by existing revenues. Eligible uses are further defined in Section 205.

Counties accepting OSP funding are required to develop an application, allocation methodology, and award process for eligible licensed facilities consistent with state guidelines outlined in this document. Counties may determine whether they want to provide a set monthly payment or cost reimbursement based on actual costs and expenditures. Examples of each of these options are described below:

- **Set monthly payment:** A county may develop an allocation methodology for a monthly payment based on the number of beds currently occupied by qualified residents. In this scenario, the county shall determine the appropriate monthly amount for the operating subsidy payments that a facility would receive based on local needs. The monthly amount shall be applied at a rate per bed occupied by a qualified resident that month; beds occupied by non-qualified residents may not be included in the allocation methodology. With a set monthly payment, CDSS recommends subsidy payments of at least \$1,000 per bed for qualified residents, unless the county determines, based on their local needs assessment, that the amount should be less than \$1,000 per bed for qualified residents. For example, if the monthly amount is set at \$1,000 and four beds are currently occupied by qualified residents, the facility would receive a total of \$4,000 in OSP funds that

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month. If in the next month there are only three beds occupied by qualified residents, the facility would receive \$3,000.

- **Cost reimbursement:** A county may reimburse facilities based on actual costs and expenditures. The facility can only be reimbursed for the share of eligible operating costs applicable to qualified residents. Counties choosing to use a cost reimbursement method should provide a template tool for facility applicants to project their operating costs and deficits for a set period. For example, if 25 percent of a facility's beds are occupied by qualified residents, then the facility may request reimbursement for 25 percent of that month's eligible operating costs. Each month, the total reimbursed may vary due to changes in monthly operating costs as well as changes in the number of qualified residents in a facility.

Consistent with Welfare and Institutions Code (WIC) section 18999.97, facilities in receipt of OSP shall be deed restricted to provide licensed adult and senior residential care for at least the length of time the county will provide operating subsidy payments. A deed restriction on the title of the property safeguards the property for purposes consistent with the grant for the duration of the contract performance period. A deed restriction must be recorded on the title to the property before the county can approve any OSP. As such, facility operators that are leasing the property must obtain the owner's consent for the deed restriction.

The length of time each county will provide OSP may vary depending on the county's OSP allocation, the number of facilities in receipt of OSP, and the amount of the monthly OSP. For example, a county determines they will provide OSP to eligible facilities over the course of 3 years. This duration of 3 years was determined based on the county's allocation and number of facilities the county prioritized to receive OSP. In this example, all facilities receiving OSP shall be deed restricted to provide licensed adult and senior residential care for at least the 3 years that the county will provide OSP via the CCE Preservation Funds.

Counties may request further technical assistance (TA) regarding how to establish processes to ensure properties are deed restricted, consistent with the statutory requirements, by contacting Advocates for Human Potential, Inc. (AHP) at cce.preservation@ahpnet.com.

Note: OSP must be used to cover the facility's operating deficits. SSI/SSP or CAPI recipients may not receive free or reduced amount for board/room or care or supervision as a result of the OSP funding. OSP funding must not supplant the recipient's payment to the facility or supplement their board/room charge.

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Section 102 – Preservation CP

The CP component of the CCE Preservation Funds provides capital funds to preserve facilities in need of repairs or required upgrades, thereby potentially preventing a facility closure and exits to homelessness. Funds can be applied to physical repairs and upgrades on an approved facility's property, including inside or outside the facility, within its property line. The CP funds can also be used for repairs needed for facilities to ensure they are compliant with licensing standards. Eligible uses are further defined in Section 205.

Counties accepting CP funding are required to develop an application, allocation methodology, and award process for eligible licensed facilities that are currently serving qualified individuals.

Article II – Eligible Recipients and Expenditures

CCE Preservation noncompetitive allocations will be distributed to the county department designated by the county, once they are accepted through the process described in Section 302. If both OSP and CP funds are accepted, one county department must manage both programs. Examples of county departments may include, but are not limited to, the housing development department, aging or adult services, or the behavioral health department. The department implementing OSP and/or CP should collaborate closely with behavioral health and homelessness systems of care to implement the program.

The designated county department will be responsible for the program administration, funding disbursement, and monitoring for OSP and CP to eligible licensed facilities, as applicable, as described in Sections 302 and 402, respectively.

Counties accepting OSP and/or CP funds must provide information via an Implementation Plan that outlines how the county's funding application and dissemination process will target facilities that meet the eligibility and prioritization criteria outlined below. More information on the Implementation Plan is included in Section 301.

Section 201 – Preservation OSP Eligible Recipients

OSP funds are intended to provide operating subsidies to existing licensed eligible residential adult and senior care facilities to preserve and avoid their closure, and to increase the acceptance of new qualified residents, including the prioritized population.

To receive OSP funding, facilities must meet the following eligibility criteria:

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1. Be an existing licensed Adult Residential Facility (ARF), as defined in Title 22, section 80001(a)(5) of the California Code of Regulations; Residential Care Facility for the Elderly (RCFE), as defined in Title 22, section 87101(r)(5) of the California Code of Regulations; or Residential Care Facility for the Chronically Ill (RCFCI), as defined in Title 22, section 87801(r)(5) of the California Code of Regulations;
2. Currently serve at least one qualified resident;
3. Be in good standing with the Community Care Licensing Division (CCLD) or certify that the capital project funds will bring them into good standing, defined as licensees in “substantial compliance” with licensing statues and regulations per Title 22, sections 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7) of the California Code of Regulations; and
4. Have a critical monthly or annual operating and cash flow gap that places the facility at risk of closure or at risk of reducing the number of beds for qualified residents.

Facilities may certify that they meet these eligibility criteria through a written statement or attestation as part of the application process. Although counties may request further documentation when needed, CDSS encourages counties to develop streamlined and low-barrier applications to facilitate timely awards.

To accept funds, facilities must also agree to meet the following conditions **throughout implementation**:

1. Use funds in accordance with the eligible uses outlined in Article II as well as the program requirements outlined in Article IV and throughout this NOFA.
2. Agree to continue serving applicants or recipients of SSI/SSP or CAPI.
3. Agree to prioritize applications from qualified residents who are currently experiencing or at risk of homelessness.
4. Remain in good standing with CCLD.
5. Consistent with WIC section 18999.97(f), include a deed restriction to provide licensed adult and senior residential care for the length of time the grantee provides operating subsidy payments.

Counties shall monitor adherence to these requirements and ensure that facilities continue to meet the standards outlined above throughout program implementation. Counties will be responsible for reporting on the adherence to these requirements through regular program reports, as further described in Section 401.

Section 202 – Preservation CP Eligible Recipients

CP funds are intended to preserve essential residential adult and senior care facilities in need of resources for repairs or required upgrades and that serve qualified residents and the prioritized population.

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To receive CP funding, facilities must meet the following eligibility criteria:

1. Be an existing licensed Adult Residential Facility (ARF), as defined in Title 22, section 80001(a)(5) of the California Code of Regulations; Residential Care Facility for the Elderly (RCFE), as defined in Title 22, section 87101(r)(5) of the California Code of Regulations; or Residential Care Facility for the Chronically Ill (RCFCI), as defined in Title 22, section 87801(r)(5) of the California Code of Regulations;
2. Currently serve at least one qualified resident;
3. Be in good standing with CCLD or certify that the capital project funds will bring them into good standing, defined as licensees in “substantial compliance” with licensing statues and regulations per Title 22, sections 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7) of the California Code of Regulations; and
4. Have a critical gap in their financial ability to make the needed repairs or upgrades, placing the facility at risk of closure or at risk of reducing the number of beds for qualified residents.

Facilities may certify that they meet these eligibility criteria through a written statement or attestation as part of the application process. Although counties may request further documentation when needed, CDSS encourages counties to develop streamlined and low-barrier applications to facilitate timely awards.

To accept funds, facilities must also meet the following conditions **throughout implementation**:

1. Use funds in accordance with the eligible uses outlined in Article II, as well as the program requirements outlined in Article IV and throughout this NOFA.
2. Agree to continue serving applicants or recipients of SSI/SSP and CAPI.
3. Agree to prioritize applications from qualified residents currently experiencing or at risk of homelessness.
4. Remain in good standing with CCLD.

Note: Counties may require that facilities receiving CP funds include a deed restriction on the property that the facility be used to provide licensed adult and senior residential care for a period of time specified by the county. CDSS recommends counties include a deed restriction of 5 years or the length of time the county determines appropriate, relative to the amount of funds awarded to the facility. For example, it may be appropriate to require deed restriction for more than 5 years when a facility receives CP funds in excess of \$250,000.

Although CDSS recommends a deed restriction, in some cases it may not be feasible for the operator to agree to a deed restriction. For example, operators receiving CP

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funds may not be able to agree to a deed restriction when the operator does not own the facility. In those cases, the county should include another form of agreement specifying the operator will continue to serve the qualified population and prioritize people experiencing or at risk of homelessness, as appropriate.

Counties shall monitor adherence to these requirements and ensure that facilities continue to meet the standards outlined above throughout program implementation. Counties will also be required to report on adherence to these requirements through regular program reports, as further described in Section 401.

Section 203 – Ineligible OSP or CP Recipients

Facilities vendored by regional centers are not eligible for OSP or CP funds.

Section 204 – Facility Prioritization Criteria

Counties shall distribute funds to facilities in a manner that supports the overall goal to preserve eligible facilities and increase beds for qualified residents and the prioritized population. Counties shall use the following criteria to prioritize eligible facilities for CCE Preservation Funds:

1. Facilities at the highest risk of closure that can be prevented through OSP or CP funds.
2. Facilities with the highest percentage or number of qualified residents served.

In addition to the criteria outlined above, counties may establish additional facility prioritization criteria to address local needs and the overall goals of the CCE Preservation Program.

Information on prioritization will be requested as part of the Implementation Plan.

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Section 205 – Eligible/Ineligible Expenditures

A. County Uses for OSP and CP:

- Funds must be used to supplement, not supplant, other funding available from existing local, state, or federal programs or grants with similar purposes (i.e., existing funds used to support the prioritized population).
- County administrative costs must be minimized, not to exceed 10 percent.
- The remaining funds outside of administrative costs are to be distributed to the eligible and selected licensed adult and senior care facilities.

B. Eligible OSP Facility Costs:

Operating costs are associated with the day-to-day physical operation of the qualified setting. The OSP is intended to help facilities cover facility operating deficits. These settings often have costs that exceed the revenue totals each month when they are caring for individuals applying for or receiving SSI/SSP or CAPI. Funds must be used to supplement, not supplant, any existing funds used to support the prioritized population.

Eligible uses of OSP funds may include the following:

- Utilities, including heating, water, sewer, telephone, broadband and internet, and common area utilities
- Maintenance and repairs, including supplies, trash removal, snow removal, pest control, grounds upkeep and landscaping, and painting
- Staff and payroll costs required to sufficiently operate the licensed facility, including administrative, maintenance, and security staff/payrolls; staffing costs must be attributed to the facility as a whole and not in direct service or support of any single individual
- Marketing and leasing, including advertising, credit investigations, and leasing fees
- Taxes and insurance, including real estate taxes and property insurance
- Office supplies and expenses
- Accounting, such as tax filings, audits, and reporting to investors associated with the operation of the qualified facility
- Strategic planning and coordination with local health, social services, or homelessness systems of care to support sustainable long-term facility operations

Refer to Section 101 for more information about how to determine a facility's OSP.

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C. Excluded OSP Facility Costs:

Expenses that are not eligible to be covered by the OSP funds include the following:

- Expenses unrelated to operational costs
- Sponsor distributions
- Expenses or fees related to change in ownership, limited partner buyout, substitution, or assignment of ownership interest
- Expenses or fees related to tort or contract liability

D. Eligible CP Facility Costs:

CP funds can be applied to physical repairs and upgrades on an approved facility's property, inside or outside the facility, within its property line. Funds must be used to supplement, not supplant, any existing funds used to support the prioritized population.

Examples of common allowable costs could include but are not limited to the following:

- Weather stripping repair
- Outdoor activity space upgrades
- Perimeter fencing
- Delayed egress
- Repairs to holes in walls
- Signal system upgrade (e.g., egress and ingress systems, signals/alarms on doors, integration to personal emergency responses systems)
- Elevator repairs
- Water damage repairs
- Appliance upgrades
- Furniture upgrades
- Locked storage area upgrades
- Fire protection upgrades
- Fire alarm systems upgrades
- Employee accommodations upgrades (e.g., break rooms)
- First aid supply upgrades
- Windows and screens repair and upgrades
- Carpet and flooring upgrades
- Interior paint upgrades
- Roof repairs or replacement
- ADA upgrades and other upgrades to improve mobility and accessibility
- HVAC repairs

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- Repairs or upgrades to bedrooms, bathrooms and showers, common areas, kitchens (note: repairs or upgrades may not increase square footage of the facility)
- Seismic upgrades to applicable facility types with two stories or more
- Solar panel purchasing, installation, and other upgrades that will reduce long-term operating costs
- Other sustainable/green or energy-efficient building upgrades

Capital projects may include physical repairs or upgrades that will prevent the facility from closure and place the facility back in good standing with CCLD, when applicable.

E. Excluded CP Facility Costs:

Expenses that are not eligible to be covered by the CP funds include the following:

- Foundations for leased properties
- Projects that would expand or create a new usable space that would increase the square footage of the facility (see the CCE Capital Expansion RFA on the [Improving California's Infrastructure website](#))
- Provision of services
- Operating costs (facilities should apply for OSP funds if they have operating cost needs)

Section 206 – County Allocations

The following table lists the one-time allocation amounts available for all counties with current licensed facilities serving qualified residents according to CCLD.

Director's Certification to accept the base allocation must be submitted in the web portal by July 15, 2022. Counties should review [Section II](#) for instructions on how to accept funds.

County	OSP Allocation	CP Allocation
Alameda	\$1,519,607	\$4,136,116
Alpine	-	-
Amador	\$200,000	\$200,000
Butte*	-	-
Calaveras	\$200,000	\$ 200,000
Colusa	-	-
Contra Costa	\$1,189,741	\$3,238,276
Del Norte	-	-

County	OSP Allocation	CP Allocation
Placer	\$200,000	\$534,669
Plumas	-	-
Riverside	\$1,779,052	\$4,842,283
Sacramento	\$2,416,546	\$6,577,434
San Benito*	-	-
San Bernardino	\$2,787,182	\$7,586,243
San Diego	\$3,346,842	\$9,109,544
San Francisco	\$1,497,369	\$4,075,588

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County	OSP Allocation	CP Allocation
El Dorado	\$200,000	\$200,000
Fresno	\$1,100,789	\$2,996,162
Glenn	\$200,000	\$200,000
Humboldt	\$200,000	\$200,000
Imperial	\$200,000	\$413,612
Inyo*	-	-
Kern	\$830,224	\$2,259,732
Kings	\$200,000	\$200,000
Lake	\$200,000	\$200,000
Lassen	\$200,000	\$200,000
Los Angeles	\$19,654,821	\$53,497,135
Madera	\$200,000	\$242,114
Marin	\$218,675	\$595,197
Mariposa	-	-
Mendocino	\$200,000	\$200,000
Merced	\$200,000	\$232,026
Modoc	-	-
Mono	-	-
Monterey	\$644,906	\$1,755,327
Napa	\$200,000	\$200,000
Nevada	\$200,000	\$200,000
Orange	\$4,636,655	\$12,620,199

County	OSP Allocation	CP Allocation
San Joaquin	\$1,337,996	\$3,641,800
San Luis Obispo	\$200,000	\$373,259
San Mateo	\$819,105	\$2,229,468
Santa Barbara	\$263,151	\$716,254
Santa Clara	\$1,619,679	\$4,408,495
Santa Cruz	\$478,120	\$1,301,363
Shasta	\$200,000	\$373,259
Sierra	-	-
Siskiyou	\$200,000	\$200,000
Solano	\$574,486	\$1,563,654
Sonoma	\$340,985	\$928,104
Stanislaus	\$1,515,901	\$4,126,028
Sutter	\$544,835	\$1,482,949
Tehama	\$218,675	\$595,197
Trinity	\$200,000	\$200,000
Tulare	\$448,469	\$1,220,659
Tuolumne	\$200,000	\$200,000
Ventura	\$563,367	\$1,533,389
Yolo	\$200,000	\$282,466
Yuba	\$200,000	\$200,000
TOTAL	\$54,747,179	\$142,488,003

*Counties marked with an asterisk have licensed facilities, but the allocation methodology used did not match the licensed facilities (not vended by regional centers) with any recipients or applicants of SSI/SSP or CAPI. If the county is aware of eligible adult and senior care facilities not funded by regional centers that are currently serving recipients or applicants of SSI/SSP or CAPI, a base allocation of \$200,000 may be requested by contacting cce.preservation@ahpnet.com by July 15, 2022.

Note: CDSS is in the process of developing guidelines and funding available for tribes, which will be outlined in a separate correspondence.

Article III – County Program Implementation Requirements

Section 301 – County Implementation Plan

Counties accepting OSP and CP will be responsible for the administration, dissemination, and monitoring of the CP and OSP grant funds. Counties may select a third-party administrator to facilitate and manage the disbursement of funds. Counties accepting funds are required to submit an Implementation Plan describing how they will

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operationalize the CCE Preservation Funds. An initial or draft Implementation Plan is due by October 15, 2022. Counties may submit amended or final Implementation Plans, including approvals by County Board of Supervisors (if required by the county's funding approval processes), no later than January 15, 2023.

The Implementation Plan shall include, but is not limited to, the county's plan to

- Design and implement an application process and/or allocation methodology for OSP and/or CP funds, as applicable;
- Incorporate prioritization criteria into fund distribution process; and
- Monitor use of funds and outcomes in accordance with the guidelines outlined in this section.

AHP will review Implementation Plans as they are received to confirm they are complete and consistent with state guidelines. If needed, AHP will request a consultation with the county to solicit additional information or request edits to the Implementation Plan to be consistent with state guidelines outlined in this letter.

It is important that the county strategy for design and review of eligible CCE Preservation Fund projects is co-designed with persons with lived experience consistent with the county's identified priority populations, which may include, but are not limited to, persons with lived experience of homelessness, behavioral health and/or substance use disorders; people with disabilities; and with other marginalized communities including Black, Indigenous, and people of color (BIPOC) at risk of or experiencing homelessness. County agencies should rely on local data to account for racial inequities and disparities experienced by persons experiencing homelessness in the application evaluation process. Early engagement of key stakeholders with lived experience is essential for establishing equity as the foundation for these settings.

Counties must budget the program appropriately to ensure facilities with the greatest risk of closing and serving the highest proportion of qualified individuals have access to the CCE Preservation Program OSP and CP funds. Counties must minimize administrative costs while maximizing OSP and CP funds to facilities.

Section 302 – Fund Disbursement

The fund disbursement process for counties is outlined below. For the purposes of this section (Section 302 – Fund Disbursement), “subgrantee” refers to the facility (e.g., ARF, RCFE) receiving CP or OSP funds from a county grantee. Additional details will be included in the Standard Agreement issued by AHP upon county acceptance of funds. Please also see Addendum A for examples of various scenarios for CP fund disbursement.

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A. Disbursement of OSP Funds to Selected Facilities:

Counties shall follow established county procurement, invoicing, and reimbursement processes and execute formal agreements or contracts with the approved subgrantees to govern the use of the Preservation OSP funds. A Funding and Disbursement Agreement (FDA) is one example of the kind of document that could be issued by counties in this context. Agreements must be executed between the county department providing the funds and the approved facility receiving funds. Execution of the grant agreement award shall not automatically trigger a disbursement of funds.

County agreements with subgrantees should, at minimum, delineate the following:

- The subgrantee's reporting responsibilities, including key metrics and data (see [Section 401](#))
- The uses of OSP funds.
- The conditions under which OSP funds may be accessed.
- The procedures and approvals needed for accessing OSP funds.
- Per [WIC section 18999.97\(f\)](#), a requirement that the facility be deed restricted to provide licensed adult and senior residential care for at least the length of time the county will provide OSP.
- Any conditions that would cause repayment of funds or cancellation of future budgeted funds.
- A requirement that facilities in receipt of CCE Preservation Program grant funds provide their annual audit within 90 days of the end of their fiscal year, if applicable. If a subgrantee meets the threshold for a federal single audit, a copy of the most recent single audit must be provided. Note: any entity expending \$750,000 or more of federal funds in a fiscal year is required to have an annual single audit per the federal Super Circular Uniform Guidance ([45 CFR Part 75](#)).
- Required reporting, including reporting any material events such as change of key staff, lawsuit filed against the organization, etc. within 30 days of said event occurring.
- A requirement that subgrantees indemnify the county against any claims, suits, etc. that could be made against the entity.

As part of the OSP contract, a system should be established to manage the disbursement of funds. Counties can work with subgrantees to determine frequency and timing of disbursements as long as it is documented in the contract; however, counties are responsible for ensuring that subgrantees continue to meet the program requirements as outlined in this NOFA.

More specific details about contractual pass-through requirements for counties will be outlined in the Standard Agreement upon contract execution with AHP. Detailed

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information about disbursement and contract management with subgrantees in receipt of CCE OSP funds is also available through tailored TA upon request. To request TA, contact cce.preservation@ahpnet.com.

B. Disbursement of CP Funds to Selected Facilities:

Counties shall follow established county procurement, invoicing, and reimbursement processes, consistent with State Fiscal Recovery Fund (SFRF) requirements, and execute formal agreements or contracts with the approved facilities to govern the use of the CCE CP funds. Award and disbursement of CP funds requires an executed agreement between the county and subgrantee. Execution of the grant agreement award shall not automatically trigger a disbursement of funds.

County subgrantee agreements should, at minimum, delineate the following:

- The subgrantee's reporting responsibilities, including key metrics and data.
- Potential for requests of information from CDSS and AHP for ad hoc reports, or other required documentation such as eligibility of qualified residents.
- The uses of CP funds.
- The conditions under which CP funds may be accessed.
- The procedures and approvals needed for accessing CP funds, including details on the disbursement and construction draw approvals process.
- The requirements of an open- or closed-bid process.
- Any conditions that would cause repayment of funds or cancellation of future budgeted funds.
- A requirement that facilities in receipt of CCE Preservation Program grant funds provide their annual audit within 90 days of the end of their fiscal year, if applicable. If a subgrantee meets the threshold for a federal single audit, a copy of the most recent single audit must be provided. Note: any entity expending \$750,000 or more of federal funds in a fiscal year is required to have an annual single audit per the federal Super Circular Uniform Guidance (45 CFR Part 75).
- Required reporting, including reporting any material events such as change of key staff, lawsuit filed against the organization, etc. within 30 days of said event occurring.
- A requirement that subgrantees indemnify the county against any claims, suits, etc. that could be made against the entity.
- If applicable, the requirement of a deed restriction to provide licensed residential care for a period of time designated by the county.

Counties shall follow their standard disbursement and construction draw processes while ensuring all of the following components required by state and federal regulations, including SFRF requirements, are included in those processes:

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- Qualification statements from construction professionals that have been reviewed and approved
- Final plan and cost review that has been approved
- Final, stamped plans and specifications
- Final executed contract and project budget (schedule of values)
- Project scope and timeline
- All final permits
- Prevailing wage attestation
- Payment and performance bond or executed letter of credit

More specific details about contractual pass-through requirements for counties will be outlined in the Standard Agreement upon contract execution with AHP. Detailed information about disbursement and contract management with facilities in receipt of CCE Preservation Program funds is also available through tailored TA upon request. To request TA, contact AHP at cce.preservation@ahpnet.com.

C. Management of CP Funds with Selected Subgrantees:

Counties accepting CP funds will be required to outline how they will manage the funds via the Implementation Plan. Counties are strongly encouraged to reach out to cce.preservation@ahpnet.com if they require TA in implementing the management of CP funds with selected subgrantees.

Counties will be required to describe their intended CP fund management processes in their Implementation Plan, subject to review and approval by AHP. The description must include how the county or third-party administrator will manage the CP application and fund disbursement process. It must also describe circumstances as to when the subgrantee (i.e., facility) would be allowed to manage the construction/rehabilitation project independent of direct oversight from the county or third-party administrator. The county should carefully consider this option to determine when it is appropriate to allow a facility to manage the construction project directly. The county shall only allow this option when the county can ensure that the entity awarded is capable of sufficiently managing the construction process oversight from start to completion. Considerations of a subgrantee's ability to sufficiently manage the process may include the cost of the project, the complexity of the project, or the subgrantee's previous development management experience. Counties considering this option should weigh the risks of individual subgrantee management on a case-by-case basis.

Regardless of how the county decides to manage the funds, the county has ultimate responsibility for compliance with the funding instructions attached to this NOFA.

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Counties will be required to include the following details about CP fund management in their Implementation Plan, subject to review and approval by AHP:

- Attestation of the county's capacity and ability to manage the CP application process for construction as part of their Implementation Plan. The county should include detailed administrative plans for project management tasks such as developing and managing a scope of work, general contractor engagement, construction project management, close out, and regular project status reporting. If the county chooses to contract administration of this program to a third-party entity, this must be indicated in the Implementation Plan and accompanied by the agreement or contract that outlines oversight plans and expectations.
- Assessment of subgrantee financial feasibility and adherence to program requirements to ensure subgrantees have sufficient staff capacity and financial resources (i.e., working capital/liquidity) to manage the facility during and after construction.
- Clarification of the process, documentation, and approval requirements that will trigger the fund disbursement for approved CP projects.
- Review of the subgrantee's plan to relocate residents (if needed) to maintain levels of care during the capital preservation project period.
- Identification of necessary metrics and dedicated staff for proper monitoring of the CP fund disbursements.
- Development and management of the CP draw process for construction, which includes
 - Verifying all contractors and subcontractors are meeting prevailing wage standards for a public works project and
 - Identifying a process to track change orders.
- Management of post-construction compliance, financial accountability, reporting, and documentation per the requirements of CCE Preservation funding
- Monitoring of subgrantee projects during the 5-year compliance period
- Management and retention of all project, monitoring, and reporting documentation for the required archival period.

To further mitigate construction risks, it is recommended general contractors registered with the California Department of Industrial Relations (DIR) provide the following documents to counties:

- **Payment & Performance (P&P) Bond:** A P&P bond is required for all construction projects of \$1,000,000 or more. The bond must be issued by a rated company, for both payment and performance, as Dual Obligatee with the county or its designee as additionally insured. Any exception to this must be stated within the grant agreement and be approved by the State.
- **Letter(s) of Credit:** In the event a project is small, or the risk is determined to be low, an irrevocable letter of credit may be accepted in lieu of a P&P bond.

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- **Certification of Compliance:** General contractors must submit a certification of compliance to the awarding county department certifying that the construction contractor shall comply with California's prevailing wage and working hours laws (including posting job notices, as required by Labor Code section 1720). From time to time, additional documents that are not stated here may be required, depending on the unique risks of the transaction.
- **Prevailing Wage Attestation:** Contractors provide this to the administering oversight body as part of the contract execution process, certifying compliance with California's prevailing wage and working hours laws and all applicable federal prevailing wage laws.

Additional documents that are not stated here may be required depending on the unique risks of the transaction.

Section 303 – Preservation Capital Projects Funding Match

Counties are required to match at least 10 percent of the CP funds accepted and awarded to them. Match may be provided by the county or contributed in whole or in part by the subgrantee awarded CP funds. However, counties are responsible for ensuring that the 10 percent match is met. For example, a county awarding a project that will cost \$50,000 could contribute \$5,000 in county American Rescue Plan Act (ARPA) funds to the project or require that the applicable subgrantee contribute \$5,000 in cash to the project.

Note: Match is not required for OSP funds.

Counties will describe their proposal for matching CP funds in the Implementation Plan, including identifying whether the county will provide the match itself or whether all or a portion of the match will be contributed by facilities awarded CP funds. Counties will also be required to certify that match requirements will be met and include any match sources committed to this contract in the Standard Agreement executed with AHP. If facilities will be required to contribute any part of the match, this must also be outlined in the Standard Agreement with the county.

Match in the form of cash and in-kind contributions, including the real costs previously incurred by a project, will be allowed. All "in-kind" amounts must be well documented and notarized. CDSS must approve all match sources that are not described below.

Cash match may come from

- ARPA funds granted to counties and cities,
- Local funding,
- Mental Health Services Act funds in the 3-year plan (considered "other local"),

Community Care Expansion Preservation Program Operating Subsidy Payment and Capital Projects Notice of Funding Availability

- Foundation/philanthropic support,
- Loans or investments,
- Cash on hand, and
- Incentive payments from managed care plans

“In-kind” match may be in the form of

- Sunk costs directly related to a development project, or costs directly related to a development project that have already been incurred and cannot be recovered, with documentation of paid invoices for professional services related to pre-development of the specific grant application, as approved on a case-by-case basis by CDSS. Any match claimed under sunk cost must supplement, not supplant, other fund sources.
- Donations of professional design-build services, materials directly related to the development project.

Services to clients will not be allowed as match. State general funds may not be used as match.

Section 304 – Service Use Terms

For the purpose of this section, “service use terms” means a deed restriction on the title of the property, safeguarding the property for purposes consistent with the grant for the duration of the contract performance period. A deed restriction must be recorded on the title to the property before the county can approve any OSP payments. As such, facility operators that are leasing the property must obtain the owner’s consent for the deed restriction. The county, at their discretion, may also require that a deed restriction be recorded on the title to the property before approving CP projects. However, deed restrictions are required by statute for only those facilities in receipt of OSP funds.

Article IV – Preservation Program Requirements

Section 401 – Data Collection and Reporting

A. Data Reports:

Counties will be required to report on items related to use of funds and number of beds preserved. Examples of OSP and CP data collection items may include, but are not limited to, the following:

- The number of facilities requesting OSP or CP reimbursement and amount of funds requested
- The number of facilities receiving funds and amount of funds awarded

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- The number of retained residents who are receiving or applying for SSI/SSP or CAPI benefits
- The total number of residents, the number of current qualified residents, and any new qualified residents who move into the facility
- A brief description of how the CP or OSP funds were used to benefit the qualified residents and prioritized population

B. The HUB – Data Reporting System:

The HUB is a data portal that will be made available to all counties, through AHP, for the purpose of reporting data and meeting programmatic as well as federal fiscal reporting requirements. Each county will then provide subgrantee facilities with a separate secure portal for uploading and providing all required monitoring information. The site will also provide business-hour access to liaison staff who can answer questions related to the completion of required forms.

C. American Rescue Plan Act (ARPA) Data Reporting Requirements:

Counties will be required to follow the U.S. Treasury Department rules on ARPA uses, data collection, and reporting requirements. CDSS reports expenditures and outcomes on behalf of grantees, and requested information included in the reporting is subject to change.

Section 402 – Monitoring and Program Oversight

As recipients of state and federal funding from pass-through entities (CDSS and AHP), counties are responsible for compliance with federal and state regulations attached to the funding accepted, including fund administration, fiscal and project management, reporting, and compliance monitoring.

Each participating county department will be responsible for managing the day-to-day operations of its CCE Preservation Funds program, including establishing methods, processes, and procedures to determine best practices for the efficient delivery of CCE Preservation Funds. Counties will likewise be expected to ensure that these funds are used in accordance with program requirements and written agreements and to take appropriate action, should any performance problems arise. County procedures must include a corrective action plan for assessing risk of activities and projects and for monitoring facilities to ensure that the requirements in this section are met.

Each county must, insofar as is feasible, distribute CCE funds geographically within its boundaries, according to the priorities of needs identified by the county analysis of facilities at highest risk for closure serving qualified residents.

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The county shall be subject to monitoring by CDSS, its contractor AHP, and/or its community development financial institution (CDFI) subcontractor for compliance with the provisions of this NOFA and the executed contract. Such monitoring activities may include, but are not limited to, inspection of the county's grantees' and/or subgrantees' services, procedures, books, and records, as CDSS or AHP deems appropriate. CDSS or AHP may conduct monitoring activities at any time during the county's contractors' and/or subcontractors' normal business hours. CDSS may conduct a review of the county's contractors' and/or subcontractors' records to determine if any of the claimed expenditures were an improper use of grant funds.

Article V – Authorizing and Applicable Law

Authorizing law for CCE Preservation OSP and CP: Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021

Section 501 – Federal and State Program Requirements

A. ARPA:

Counties will be required to follow the Treasury rules on ARPA uses, data collection, and reporting requirements.

B. Reporting Requirements:

Reporting requirements will include quarterly reports and a final report, along with an annual CCE Preservation Program and Expenditure Report. 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 HUB data portal shall be in such form and contain such information as required by CDSS, as appropriate, in its sole and absolute discretion.

These requirements will be fully detailed upon award. In addition to the foregoing, each county shall submit to CDSS or AHP such periodic reports, updates, and information as deemed necessary by CDSS to monitor compliance and/or perform program evaluation. Any requested data or information shall be submitted electronically in a format provided by CDSS or its administrative entity, AHP. Additional reporting requirements may be required by CDSS for up to the applicable service use terms after completion of project construction.

C. Prevailing Wage:

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All “projects” that receive preservation capital funds over \$1,000 must utilize Prevailing Wage Rates as defined by the Prevailing Wage Law (Labor Code section 1720, et seq.). It is the contractor’s responsibility to abide by the apprenticeship requirements and reporting under that law. Projects are subject to compliance monitoring and enforcement by DIR. County departments will be required to submit a Certification of Compliance to AHP as part of the contract execution process, certifying that the county shall comply with all applicable local, state, and federal prevailing wage and working hours laws. The Certification of Compliance will also state that the county shall maintain its labor records in compliance with all applicable local, state, and federal laws, and shall make all labor records available to DIR and any other applicable enforcement agencies upon request.

D. Local Building Codes:

All preservation and construction projects must meet state or local residential and building codes, as applicable, or, in the absence of a state or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. The housing must meet the applicable requirements upon project completion.

E. Reasonable Costs:

Consistent with county procurement processes, each county shall ensure there is a systematic process in place for determining and confirming “reasonable costs” within and throughout each project, as well as a systematic check-and-balance method for distributing funds to facilities.

F. Land Use Exemption:

Any project that receives CCE Preservation Program funds shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and any applicable coastal plan, local or otherwise, and allowed as a permitted use, within the zone in which the structure is located, and shall **not** be subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals, and shall be deemed a ministerial action under the California Environmental Quality Act (CEQA) (Public Resources Code section 21080) and under section 15268 of Title 14 of the California Code of Regulations (WIC section 18999.97(l); see also CEQA Guidelines).

G. Low-Rent Housing Project Exemption:

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In accordance with WIC sections 5960.35(b)(1) and 18999.98, a project funded with 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:

- 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.
- 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.
- 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.
- The project consists of newly constructed, privately owned, one-to-four-family dwellings not located on adjoining sites.
- The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units.
- 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.
- 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 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.

H. State and Federal Relocation Assistance:

As applicable, all projects must comply with federal and state laws pertaining to relocation assistance and protections that must be provided to people who move as a

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result of government-funded projects (California Government Code (GOV) sections 7260-7277; 42 U.S.C. section 4601 et seq.).

Section 502 – Collaboration, Racial Equity, and Fair Housing

A. Collaboration:

Counties are strongly encouraged to collaborate with other partners, such as local behavioral health and emergency response systems, local Medi-Cal managed care plans, legal aid organizations, and other relevant networks, to maximize available funding to preserve residential facilities, increase referrals, coordinate care, and maximize resources and available supportive services. Information on these collaborations will be requested in future program updates. Counties may not supplant the CCE Preservation Funds with any other funding sources such as the Assisted Living Waiver program or other service use funding provided by the county or other programs.

B. Racial Equity:

It is important that the county department address racial disparities in program design, development, and implementation. It is vital to have early engagement with stakeholders with lived experience of homelessness or mental and/or substance use disorders, people with disabilities, and with other marginalized communities including BIPOC at risk of or experiencing homelessness. County departments should rely on local data to account for racial inequities and disparities experienced by persons experiencing homelessness in the application evaluation process and/or allocation methodology.

C. Fair Housing:

Additionally, per Government Code section 8899.50, each county must also operate its CCE program in a manner that affirmatively furthers fair housing. This means that CCE must be operated in a way that takes “meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.”

Counties should review the reports and resources below for examples of how housing and homelessness programs have incorporated racial equity into programming. Counties are encouraged to seek meaningful input and participation from current and former SSI/SSP or CAPI recipients or applicants, including individuals of color, that go beyond identifying disparities to identify causes of such disparities from individuals with lived experience. Additionally, CDSS or AHP will provide TA opportunities to help counties address racial equity within the CCE program.

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Reports

- [Racial Inequalities in Homelessness, by the Numbers](#)
- [Supporting Partnerships for Anti-Racist Communities \(SPARC\) Phase One Study Findings](#)
- [A Brief Timeline of Race and Homelessness in America](#)
- [Report and Recommendations of the Ad Hoc Committee on Black People Experiencing Homelessness](#)

Resources

- [Equity-Based Decision-Making Framework](#)
- [Framework for an Equitable COVID-19 Homelessness Response](#)
- [Advancing Racial Equity through Assessments and Prioritization \(HUD\)](#)
- California Department of Housing and Community Development's [Guidance on Affirmatively Furthering Fair Housing](#)
- [California Business, Consumer Services and Housing Agency's Homeless Data Integration System](#)

Key Definitions

Qualified resident: For the purpose of this NOFA, per the state statute, applicants or recipients of the Supplemental Security Income/State Supplementary Payment (SSI/SSP) pursuant to Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code and Welfare and Institutions Code (WIC) section 12000 et seq., and applicants or recipients the Cash Assistance Program for Immigrants (CAPI) pursuant to WIC section 18937 et seq., who need the care and supervision that is provided by the licensed facility that receives the grant. "Qualified resident" shall not include SSI/SSP or CAPI applicants or recipients who are receiving services through a regional center.

Prioritized population: Qualified residents who are experiencing, or at risk of experiencing, homelessness.

Adult Residential Facility (ARF): "ARF" has the same meaning as in Title 22 of the California Code of Regulations Section 80001: "any facility of any capacity that provides 24-hour-a-day nonmedical care and supervision to the following: (A) persons 18 years of age through 59 years of age; and (B) persons 60 years of age and older only in accordance with Section 85068.4."

Residential Care Facility for the Elderly (RCFE): "RCFE" has the same meaning as in Title 22 of the California Code of Regulations Section 87101: "a housing arrangement

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chosen voluntarily by the resident, the resident's guardian, conservator or other responsible person; where 75 percent of the residents are sixty years of age or older and where varying levels of care and supervision are provided, as agreed to at time of admission or as determined necessary at subsequent times of reappraisal. Any younger residents must have needs compatible with other residents."

Residential Care Facility for the Chronically III (RCFCI): "RCFCI" has the same meaning as in Title 22 of the California Code of Regulations Section 87801: "any place, building, or housing arrangement which is maintained and operated to provide care and supervision to all or any of the following: (A) Adults with HIV disease or AIDS, (B) Emancipated minors with HIV disease or AIDS, or (C) Family units as defined in Section 87801(f)(1) with adults or children or both with HIV disease or AIDS."

California Prevailing Wage: The director of the Department of Industrial Relations (DIR) determines the general prevailing rate of per diem wages in accordance with the standards set forth in Labor Code section 1773. (Labor Code section 1770). Except for "public works," "projects" of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works. (Labor Code section 1771). Prevailing wage is applicable only to work performed under contract, including contracts let for maintenance work, and is not applicable to work carried out by a public agency with its own forces.

Capitalized Operating Subsidy Reserve (COSR [for OSP]): Capitalized operating subsidy reserve means an interest-bearing account maintained by the qualified grantee, the residential adult or senior care facility, or a third-party entity created 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 reserve. The department shall develop guidelines on the qualified grantees' use of COSRs to ensure safeguards for those reserves, based on use in other state programs.

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Acronyms

AHP	Advocates for Human Potential, Inc. – CDSS’s third-party contractor
ARF	Adult Residential Facility
ARPA	American Rescue Plan Act
CAPI	Cash Assistance Program for Immigrants
CCE	Community Care Expansion
CCLD	Community Care Licensing Division
CDFI	Community Development Financial Institution
CDSS	California Department of Social Services
CEQA	California Environmental Quality Act
CP	Capital Projects
FDA	Funding and Disbursement Agreement
OSP	Operating Subsidy Payments
RCFCI	Residential Care Facility for the Chronically Ill
RCFE	Residential Care Facility for the Elderly
SFRF	State Fiscal Recovery Fund
SSI/SSP	Supplemental Security Income/State Supplementary Payment

Addendum A

Examples of CCE CP Fund Disbursement Procedures

Counties shall follow established county procurement, invoicing, and reimbursement processes, consistent with SFRF requirements, and execute formal agreements or contracts with the approved subgrantees to govern the use of the CCE CP funds.

The program management responsibility includes, but is not limited to, ensuring program compliance per the funding source, both for project delivery costs and within each awarded construction project; financial management, including management of the approved administrative budget and grant/loan budget, for each subgrantee by funding source; required data reporting and data retention, documentation, and recordkeeping per CDSS and federal specifications, both for the program and for each subgrantee; and the performance of the program according to the county’s approved Implementation Plan, budget, and unit completion goals.

The following scenarios are offered as examples in the absence of an established county process. If TA is needed to establish fund disbursement procedures, please

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request support in the AHP CCE Preservation Acceptance web portal, or by email at cce.preservation@ahpnet.com. For the purposes of this section, "subgrantee" refers to the facility or entity awarded CCE CP funds.

Scenario #1 – The county establishes the management of each project, including bidding and supporting the selection of contractors and disbursement of funds for rehabilitation/construction scopes of work. This also includes the direct management of funds and contracts with trades and construction firms completing the approved rehabilitation and reconstruction. In this scenario, the county would contract with trades on behalf of the subgrantee (the ARF or RCFE) and act as project manager to monitor the completion of the approved improvement/project.

In this scenario, the county operates in the role similar to that of a general contractor. If a county uses this approach, the county department or agency administering the program should have preexisting experience overseeing construction and development projects of a similar size and complexity as the proposed projects to be funded with CCE CP funds.

Note: It is recommended that the county leverage existing procurement and management systems that currently govern similar capital projects such as HOME, the Community Development Block Grant Program (CDBG), or home improvement projects where the county is designating funds for a specific project with restricted use. AHP can provide TA upon request to assess and advise the applicability, scope, or feasibility of using the county's existing systems for this project.

In this scenario, the county will work with the approved subgrantee (the ARF or RCFE) to 1) develop a scope of work, 2) select a licensed and certified general contractor through the county procurement process, and 3) manage the construction process. All construction and rehabilitation contracts will be made between the subgrantee (ARF or RCFE) and the general contractor, but the county will manage and disburse the funds upon successful completion of the work.

Under this scenario, the construction management and funds disbursement will follow these steps:

1. **Site inspection and drafting the scope of work:** Upon approval of allocated grant funds, the county will conduct an initial site inspection by a certified construction analyst. Based upon the inspection, the analyst will develop a detailed draft scope of work and review it with the subgrantee.
2. **Bidding and selecting a construction contractor:** Upon approval of this initial scope of work by the county and the subgrantee, the county will conduct a bid conference on site with the subgrantee and interested construction contractors. Within an acceptable period of time after the bid conference, contractors will

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submit construction bids to the county. The county will meet with the subgrantee to have them select their preferred construction contractor.

3. **Finalizing scope of work:** Upon selection of the construction contractor, the scope will be finalized with the subgrantee, and an internal review and approval package will be developed by county staff. Through the CCE program, the subgrantee has been exempted from Environmental Review and an expedited internal approval process for these grantees should be developed in collaboration with other agencies, including the planning agency. *Note: In this scenario, funds are approved but not transferred or allocated directly to the approved subgrantee. This allows the county to mitigate risk involving the use of funds and ensure funds are being used in accordance with the program requirements.*
4. **Signing agreements:** When the above processes are complete, the subgrantee is contacted to sign key documents, including the subgrantee agreement and the construction contract.
5. **Getting started:** Approval of work begins, with county oversight. The contractor is then provided with a Notice to Proceed, and construction can begin. Variance between estimated construction cost at time of bidding and actual cost when work begins can be mitigated through close collaboration between the subgrantee and the county.

In the scenario described above, the county will be responsible for construction management, close out, reviewing the facility's plan for the relocation of residents to a commensurate level of care as necessary, warranty enforcement, and post-construction responsibilities. Where there are already established residents whose service needs may be impacted, the county will collaborate with the subgrantee to ensure disruptions to continuity of care are minimized.

The county will ultimately be responsible for processing all applications from the stage of submission through review, decision/approval, settlement, construction completion, and ongoing program administration.

Scenario #2 – The county contracts with a third party for full management of subgrantee awards

In this scenario, the contracted third party will be responsible for the steps outlined above. County agencies with limited capacity to manage the CCE award and monitoring requirements may want to consider contracting with a third-party organization experienced in developing or rehabilitating residential care facilities to manage the construction bidding, selection of contractors, development of the project scope of work, bidding and validation of eligible expenditures, and final reporting with documentation on use of funds and completion of intended and approved use. In this scenario, all construction bidding processes, direct 1:1 oversight of projects to completion, and

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management of the draw review process could be the responsibility of a third party. Subgrantee award agreements will be executed between the awarded subgrantee and the county and managed with the assistance of a third party.

Scenario #3 – Subgrantee manages awarded funds

In this scenario, the county has determined the awarded subgrantee has the capacity and ability to manage the capital preservation/rehabilitation project. Subgrantees with prior experience rehabilitating or managing tenant improvements can manage the funds either through their own staff or through a memorandum of understanding with an experienced real estate developer or construction manager.

This scenario requires oversight by the county to ensure the subgrantee can document their prior experience or capacity to manage these funds and bring projects to fruition. Attestation of the subgrantee's ability and capacity to manage prevailing wage oversight, provide regular accounting of the funds expended for eligible uses, understand approvals and permitting needed, obtain these approvals and permits, and report on key data points required by the CCE program is recommended. A system to collect and monitor, including onsite inspection, will support the county to manage the grant funds under this scenario.

Attachment E

AWARD LETTERS



April 7, 2023

Santa Barbara County
Antonette Navarro, Director
Behavioral Wellness
315 Camino Del Remedio, Building 3
Santa Barbara, CA 93110

SUBJECT: Community Care Expansion (CCE) Preservation Program Fiscal Year (FY) 2022-23 Award Letter and Final Award Amount

Dear Director Antonette Navarro:

Thank you for your continued interest in the California Department of Social Services (CDSS) Community Care Expansion (CCE) Program. CDSS is pleased to inform you that Santa Barbara County is awarded **\$265,951** in CCE Preservation Operating Subsidy Payment (OSP) funds from the FY 2022-23 budget appropriation and **\$263,151** in CCE Preservation OSP funds from the FY 2021-22 budget appropriation.

The Director Certification submitted by your county indicated that your county could accept additional OSP funds and additional Capital Project (CP) funds, should they be available. The remaining program funds from the CCE Preservation FY 2021-22 for OSPs and CPs are now available to participating counties. CDSS is distributing these remaining funds consistent with the need-based methodology described in Section IV of the All County Welfare Directors Letter (ACWDL) dated December 14, 2022.

In addition to the FY 2022-23 augmentation outlined above, Santa Barbara County is awarded **\$27,632** in additional CP funds from the remaining FY 2021-22 appropriation. These funds were also redistributed consistent with the need-based methodology described in Section IV of the All County Welfare Directors Letter (ACWDL) dated December 14, 2022.

In total, Santa Barbara County is awarded the following allocation(s) to administer and implement the CCE Preservation Program:

- **\$529,102** for OSP funds
- **\$743,886** for CP funds

Funds must be used to support CCE Preservation operations as described in the Notice of Funding Availability (NOFA) dated June 10, 2022, and the ACWDL dated December 14, 2022. Funds used for the purpose of OSPs must be obligated no later than June 30, 2027 and liquidated no later than June 30, 2029. Funds used for the purposes of CPs must be obligated no later than June 30, 2024 and liquidated no later than December 31, 2026.

Following the release of this award letter, Advocates for Human Potential, Inc. (AHP) will issue a Program Funding Agreement. The Program Funding Agreement will outline expectations and responsibilities related to acceptance of the award, including incorporation of funding terms and conditions outlined in the NOFA, ACWDL, and the signed Director's Certification. The CCE Preservation Program grant award is not final, and no funding will be disbursed, until a Program Funding Agreement has been fully executed, which occurs when the Program Funding Agreement is signed by authorized representatives for both Santa Barbara County and AHP. Prior to that time, the CDSS and AHP have the right to conduct additional due diligence to ensure fulfillment of all programmatic and fiscal requirements, including but not limited to, eligibility and award amount. Any costs incurred outside the performance period of a fully executed Program Funding Agreement may not be reimbursed.

Please contact AHP at cce.preservation@ahpnet.com with any questions.

Sincerely,



JULIE MCQUITTY, Branch Manager
Program Policy and Quality Assurance Branch
Housing and Homelessness Division
California Department of Social Services

CC:

Evelyn Haun Zuroske, MS, Counseling, Housing & Grant Management

ATTACHMENT B:

HORNE, LLP FY 23-29
AMENDMENT 1
TO PROGRAM FUNDING
AGREEMENT

Amendment 1 to Program Funding Agreement

This Amendment 1 to Program Funding Agreement (the “**Amendment**”) is entered into May 7, 2024, by and between **HORNE LLP**, a Delaware limited liability company, with offices located at 661 Sunnybrook Rd., Suite 100, Ridgeland, MS 39157 (“**Horne**”), and Santa Barbara County, a political subdivision of the State acting through its Department of Behavioral Wellness, with offices at 315 Camino Del Remedio, Bldg 3, Santa Barbara, CA 93110 (“**County**”). Horne and County may be referred to separately as a “**Party**” or collectively as “**Parties**.”

RECITALS

1. On May 7, 2024, Horne and County executed a Program Funding Agreement (the “**Agreement**”) pursuant to which the County will implement an allocation of California Department of Social Services (“**CDSS**”) Community Care Expansion Preservation Program (the “**Program**”) funds.
2. This Amendment is intended to modify the Agreement to reflect updated deadlines for expenditure of Program funds allocated pursuant to the Agreement.
3. Funds provided under the Agreement and the Program shall be distributed by CDSS and are not subject to any applicable requirements related to federal funding.

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

1. The obligation and liquidation deadlines for the Operating Subsidy Payments (“**OSP**”) and Capital Projects (“**CP**”) Program components have been extended. References in the Agreement to such deadlines, including without limitation references in Attachment D Funding Letters, Notice Of Funding Availability dated June 10, 2022 (“**NOFA**”), Section II on page 5, are hereby deleted.
2. The following is added to the Agreement as a new Section 15.22:

Notwithstanding anything to the contrary in this Agreement, the deadlines for obligating and liquidating OSP and CP Program funds (“**Deadlines**”) shall be the deadlines issued by CDSS. The current deadlines can be found at <https://www.ccegrant.com>, and CDSS plans to publish any modifications to those deadlines on the same website.
3. Except as explicitly identified herein, the Agreement remains unchanged.
4. Capitalized terms used but not otherwise defined herein shall have the meanings attributed thereto in the Agreement.
5. This Amendment may be executed in several counterparts and all counterparts so executed shall constitute one agreement binding on all Parties, notwithstanding that all the Parties have not signed the same counterpart.

[Remainder of page left blank]

IN WITNESS THEREOF, the Parties hereto have executed this Amendment by their duly authorized respective officers as of the day and year last written below.

HORNE LLP

SANTA BARBARA COUNTY

By: *Alethia Thomas*

DocuSigned by:
By: *Antonette Navarro*
2085C5A16FE1474...

Signature of Authorized Representative

Signature of Authorized Representative

~~Anna Stroble~~ Alethia Thomas

Antonette Navarro

Print or Type Name of Person Signing

Print or Type Name of Person Signing

Partner

Director, Department of Behavioral Wellness

Representative Title

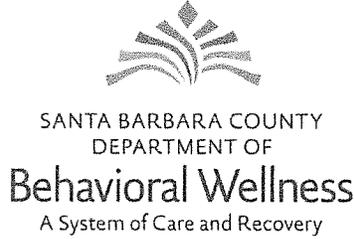
Representative Title

Date: May 30, 2024

May 7, 2024
Date: _____

EXHIBIT A-6

County of Santa Barbara Notice of Funding Availability Issued on or around May 17, 2024



COUNTY OF SANTA BARBARA

**NOTICE OF FUNDING
AVAILABILITY**

**Community Care Expansion – Preservation Program (CCE-PP)
Operating Subsidy Payment Funding**

APPLICATION DEADLINE

First application deadline: June 8, 2024

Rolling submission and awards will be allowed until all funding is expended.

Submit application via [SmartSheet](#).

Questions can be directed to the contact below.

TITLE	Community Care Expansion – Preservation Program Operating Subsidy Payment Funding
ISSUE DATE	May 17, 2024
DEADLINE	Applications accepted on a rolling basis until funds have been depleted First review of applications: June 10, 2024
CONTACT	Evelyn Zuroske

CONTACT EMAIL	ezuroske@sbcbswell.org
CONTACT PHONE	805.865.0592

Overview

The Community Care Expansion (CCE) program was established by Assembly Bill (AB) 172 (Chapter 696, Statutes of 2021) to fund capital projects and promote the sustainability of residential adult and senior care facilities. The CCE program provides a total of \$805 million for acquisition, construction, and rehabilitation to preserve and expand adult and senior facilities that serve Supplemental Security/State Supplementary Payment (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI) populations. The CCE – Preservation Program (CCE-PP) has reserved \$195 million specifically to avoid closure of licensed facilities for two categories – Operating Subsidy Payments (OSP) and Capital Projects (CP).

The California Department of Social Services chose to use a non-competitive funding allocation process for counties to implement the CCE – PP. Behavioral Wellness was allocated \$263,151 for FY 21/22 and \$265,951 for FY 22/23 for Operating Subsidy Payment and \$716,254 for Capital Projects based on the proportion of beds in existing licensed facilities serving individuals who are eligible for SSI/SSP and CAPI.

The intent of OSP funding is to preserve and avoid closure of critical residential adult and senior care facilities. Capital Project funding will focus on critical repairs or required updates needed to prevent closure. This NOFA is for **Operating Subsidy Payments**.

Purpose of NOFA

The purpose of this document is to notify all eligible facilities of noncompetitive allocations available for Operating Subsidy Projects. County of Santa Barbara Department of Behavioral Wellness (BWell) serves as the program implementation entity for funding allocations to eligible facilities within Santa Barbara County. Facility eligibility, funding and contract terms, and program requirements are outlined below. This NOFA will provide prospective applicants with program details and application instructions for OSP funding. CCE-Preservation Program Capital Projects program details and application materials are under a separate NOFA posted on our [website](#). Separate applications must be submitted for each site location. To apply for OSP funding, follow this [link](#).

Community Care Expansion - Preservation Program Funding

Eligible Facilities

To be eligible for funding, facilities must meet the following criteria for OSP projects:

- Be an existing licensed Adult Residential Facility (ARF), as defined in Title 22, section 80001(a)(5) of the California Code of Regulations; Residential Care Facility for the Elderly

(RCFE), as defined in Title 22, section 87101(r)(5) of the California Code of Regulations; or Residential Care Facility for the Chronically Ill (RCFCI), as defined in Title 22, section 87801(r)(5) of the California Code of Regulations;

- Currently serve at least one qualified resident;
- Be in good standing with the Community Care Licensing Division (CCLD) or certify that the capital project funds will bring them into good standing, defined as licensees in “substantial compliance” with licensing statues and regulations per Title 22, sections 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7) of the California Code of Regulations; and
- Have a critical monthly or annual operating and cash flow gap that places the facility at risk of closure or at risk of reducing the number of beds for qualified residents.

OSP funds are intended to provide operating subsidies to existing licensed residential adult and senior facilities for preservation while avoiding possible closure due to budgetary reasons and increase the ability of acceptance of new qualified residents, including SSI/SSP and CAPI eligible individuals. Funding can cover potential or projected operating deficits related to day-to-day physical operation of qualified facilities not covered by existing revenues. Awardees will receive quarterly payments.

Consistent with Welfare and Institutions Code (WIC) section 18999.97, facilities who receive OSP funding shall have a deed restriction to provide licensed adult and senior residential care for the length of the grant period. SSI/SSP or CAPI recipients may not receive free or reduced amount for board/room or care or supervision as a result of OSP funding. OSP funding must also not supplant payments to the facility or supplement board/room charges.

Timeline

Notice of Fund Availability (NOFA) Issued	May 17, 2024
Application Deadline	Rolling submissions with first review on June 10, 2024
Review of Applications Completed	Approximately 15 business days after submission
Notice to Successful Applicant(s)	Approximately 20 business days after submission
Contract Start Date	Immediately upon award
Contract End Date	June 30, 2029

Funding

Eligible facilities will apply for a total of \$449,737 for Operating Subsidies Payments allocation through the Community Care Expansion – Preservation Program. Applications cannot exceed the total amount. Awards will be prioritized based on the highest risk of closure and facilities with the highest percentage of Qualified Residents. Project costs will be reimbursed after approval and verification of eligible expenses detailed in invoices submitted to BWell.

Contract Term

BWell intends to award contracts to Applicants selected with the most eligible participants, whose responses conform to this NOFA, and meets the County's requirements set forth herein. The term of the contract will commence upon execution by the Chair of the Santa Barbara County Board of Supervisors and shall expire on **June 30, 2029** unless otherwise terminated pursuant to the contract.

Application

Interested parties must submit an Application via [SmartSheet](#) along with all Required Attachments listed below. Application forms are attached to this NOFA. Applicants are responsible for ensuring that all required materials listed below are submitted by 4:00 PM on June 8, 2024 to be considered for the first round of reviews. Rolling submission and awards will be allowed until all funding is expended.

Required attachments:

- Application Certification
- Project Budget (using Budget template provided)
- Budget narrative (using template provided)
- Most Recent Audited Financial Statements
- Board of Directors Roster
- Organization Chart
- Current Agency Operating Budget or Financial Plan
- Evidence of Insurance.
 - Copy of current insurance coverage (General Liability, Automobile, Worker's Compensation, etc.) Note: if funded, an updated insurance policy will be required with the funding jurisdiction listed as "additionally insured"

Evaluation

Proposals will be evaluated by a committee comprised of non-conflicted members (Evaluation Committee). The Evaluation Committee will include BWell staff and may include other County staff and/or external partners who have expertise/experience in the subject matter of this NOFA.

The Evaluation Committee will recommend an award to the Applicant/s who, in its opinion, has submitted an application that best serves the overall interests of the County of Santa Barbara and meets the requirements outlined in this NOFA.

Award Process

The Evaluation Committee will submit its recommendations to the BWell Director. Following award decisions by the BWell Director, contracts will be negotiated with the selected Applicant/s.

Following negotiations, the contract may be submitted to the County Board of Supervisors (BOS) for review and approval.

Program Requirements

A. Subject to Terms of CCE-PP Grant Agreement.

Available CCE-PP grant funds have been provided by the State of California Department of Social Services (CDSS) and are being administered by Horne LLP. Any contract services agreement is subject to the terms and conditions of **Horne Program Funding Agreement #22-3100** between the County of Santa Barbara and Department of State Hospitals (DSH), including any future amendments.

B. Eligible Applicants.

OSP funds are intended to provide operating subsidies to existing licensed eligible residential adult and senior care facilities to preserve and avoid their closure, and to increase the acceptance of new qualified residents, including the prioritized population. To receive OSP funding, facilities must meet the following eligibility criteria:

1. Be an existing licensed Adult Residential Facility (ARF), as defined in Title 22, section 80001(a)(5) of the California Code of Regulations; Residential Care Facility for the Elderly (RCFE), as defined in Title 22, section 87101(r)(5) of the California Code of Regulations; or Residential Care Facility for the Chronically Ill (RCFCI), as defined in Title 22, section 87801(r)(5) of the California Code of Regulations;
2. Currently serve at least one qualified resident;
3. Be in good standing with the Community Care Licensing Division (CCLD) or certify that the capital project funds will bring them into good standing, defined as licensees in "substantial compliance" with licensing statutes and regulations per Title 22, sections 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7) of the California Code of Regulations;
4. Has agreed to prioritize applications from Qualified Residents who are part of the Prioritized population defined as qualified residents who are experiencing, or are at risk of experiencing homelessness;
5. Has agreed to remain in good standing with Community Care Licensing Division;
6. Have a critical monthly or annual operating and cash flow gap that places the facility at risk of closure or at risk of reducing the number of beds for qualified residents; and
7. Has demonstrated sufficient staff capacity and sufficient financial resources to manage the facility.

Qualified resident: For the purpose of this NOFA, per the state statute, applicants or recipients of the Supplemental Security Income/State Supplementary Payment (SSI/SSP) pursuant to Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code and Welfare and Institutions Code (WIC) section 12000 et seq., and applicants or recipients the Cash Assistance Program for Immigrants (CAPI) pursuant to WIC section 18937 et seq., who need the care and supervision that is provided by the licensed facility that receives the grant.

“Qualified resident” shall not include SSI/SSP or CAPI applicants or recipients who are receiving services through a regional center.

To accept funds, facilities must also agree to meet the following conditions throughout implementation:

1. Use funds in accordance with the eligible uses outlined below in Section C, and further explained in the original Notice of Funding Availability for the Community Care Expansion Program.
2. Agree to continue serving applicants or recipients of Supplemental Security Income/State Supplementary Payment (SSI/SSP) or Cash Assistance Program for Immigrants (CAPI.)
3. Agree to prioritize applications from qualified residents who are currently experiencing or are at risk of homelessness.
4. Remain in good standing with CCLD.
5. Consistent with WIC section 18999.97(f), include a deed restriction to provide licensed adult and senior residential care for the length of time the grantee provides operating subsidy payments.

Behavioral Wellness will prioritize eligible facilities for CCE Preservation Funds based on the following criteria:

1. Facilities at the highest risk of closure that can be prevented through OSP funds.
2. Facilities with the highest percentage or number of qualified residents served.

In addition to the criteria outlined above, Behavioral Wellness may establish additional facility prioritization criteria to address local needs and the overall goals of the CCE Preservation Program.

C. Eligible OSP Costs.

Operating costs are associated with the day-to-day physical operation of the qualified setting. OSP is intended to help facilities cover facility operating deficits. Funds must be used to supplement, not supplant, any existing funds used to support the prioritized population.

Eligible uses of OSP funds may include the following:

- a. Utilities, including heating, water, sewer, telephone, broadband and internet, and common area utilities
- b. Maintenance and repairs, including supplies, trash removal, snow removal, pest control, grounds upkeep and landscaping, and painting
- c. Staff and payroll costs required to sufficiently operate the licensed facility, including administrative, maintenance, and security staff/payrolls; staffing costs must be attributed to the facility as a whole and not in direct service or support of any single individual
- d. Marketing and leasing, including advertising, credit

- investigations, and leasing fees
- e. Taxes and insurance, including real estate taxes and property insurance
- f. Office supplies and expenses
- g. Accounting, such as tax filings, audits, and reporting to investors associated with the operation of the qualified facility
- h. Strategic planning and coordination with local health, social services, or homelessness systems of care to support sustainable long-term facility operations

D. Excluded OSP Facility Costs:

Expenses that are not eligible to be covered by the OSP funds include the following:

- a. Expenses unrelated to operational costs
- b. Sponsor distributions
- c. Expenses or fees related to change in ownership, limited partner buyout, substitution, or assignment of ownership interest
- d. Expenses or fees related to tort or contract liability

E. Deed Restriction

Consistent with Welfare and Institutions Code (WIC) section 18999.97, facilities who receive OSP funding shall have a deed restriction to provide licensed adult and senior residential care for the length of the grant period. SSI/SSP or CAPI recipients may not receive free or reduced amount for board/room or care or supervision as a result of OSP funding. OSP funding must also not supplant payments to the facility or supplement board/room charges.

A deed restriction must be recorded on the title to the property before Behavioral Wellness can approve any OSP payments. As such, facility operators that are leasing the property must obtain the owner's consent for the deed restriction.

F. Reporting Requirements

In addition to the reports outlined below, the Grant Recipient will also be required to respond to requests for additional information. Reporting requirements include:

- Quarterly reports including:
 - Amount of funds provided from the County to the facility during the reporting period
 - Number of OSP expenditures
 - Type of OSP expenditures
- A one-time report at facility funding including:
 - Projected number of beds preserved by the facility receiving funding
 - Date of first release of funds from the County to the facility
 - Funds provided from the County to the facility at outset
 - Number of beds and units occupied by qualified residents with

- behavioral health needs
 - Number of beds and units occupied by qualified residents with serious mental illness (SMI)
- Annual reports including:
 - Number of beds preserved by the facility receiving funding
 - Number of qualified residents served per demographic category
 - Number of qualified residents served per target population group
 - Engagement and integration with community
 - Outreach activities conducted to identify and enroll qualified residents
 - Impact on homelessness
 - Number of beds and units occupied by residents with behavioral health needs
 - Number of beds and units occupied by residents with serious mental illness
- A final report due 30 days after project completion reporting the total funds awarded to the facility
- Report material changes, such as changes in key staff or litigation against Grant Recipient or the facility within thirty (30) days such occurrence
- Provide an annual audit within ninety (90) days of the end of the fiscal year, if applicable
- Any additional reports requested by Behavioral Wellness

NOTICES

A. Incurred Costs

All costs incurred in the development, preparation, and submission of an Application in response to this NOFA will be solely at the expense of the Applicant.

B. Open Record Laws & Confidential Information

All materials submitted in response to this NOFA will become the property of the County of Santa Barbara and will not be returned. In addition, all materials submitted may be subject to open record laws and regulations such as the California Brown Act and the California Public Records Act, and therefore may be released, disclosed, and posted online, to and for the public. The County reserves the right, consistent with applicable laws, to make the final determination whether an Application, or any portion of it, should be considered Confidential Information and not subject to disclosure. Applicant's identification of a document as "Confidential" shall not be dispositive. In making a determination of whether the information is confidential, the County uses the definition of trade secret set forth in subdivision (d) Section 3426.1 of the California Civil Code which states "Trade secret means information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) Derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and (2) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." This

provision does not apply to Confidential Information that is 1) in the public domain through no fault of the receiving party, 2) was independently developed as shown by documentation, 3) is disclosed to others without similar restrictions, 4) was already known by the receiving party, or 5) is subject to disclosure under court order or other lawful process.

C. No Commitment to Contract.

The purpose of this NOFA is to identify Applicants that are able to meet BWell's specific services requirements. Application to this NOFA does not commit BWell to enter into a contract.

D. Final Contracting Authority.

The Santa Barbara County Board of Supervisors has final authority to approve contracts for special services and any contract over \$200,000 on behalf of the County. Contracts shall be subject to the County's standard terms and conditions, including standard indemnification and insurance requirements. Any contract services agreement is also subject to the terms and conditions of DSH Grant Agreement #19-79011-000 between the County of Santa Barbara and DSH, including any future amendments.

E. Conflict of Interest.

Applicant must disclose any actual, apparent, or potential conflicts of interest that may exist relative to the services described herein this NOFA. County retains the right to waive a conflict of interest disclosed by Applicant if County determines it to be immaterial. If awarded the contract, the selected Applicant will be required to refrain from and disclose subsequent potential conflicts throughout the performance period.

F. Nondiscrimination.

The County of Santa Barbara does not discriminate against particular providers that serve high-risk populations or specialize in conditions that require costly treatment, and does not discriminate in the participation, reimbursement, or indemnification of any provider who is acting within the scope of his or her license or certification under applicable State law, solely on the basis of that license or certification.

County hereby notifies Applicants that County's Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this NOFA and is incorporated herein by this reference with the same force and effect as if the ordinance were specifically set out herein and Applicant agrees to comply with said ordinance.

For questions, please contact:

CONTACT: Evelyn Haun Zuroske, MS Counseling

CONTACT EMAIL: ezuroske@sbcbswell.org

CONTACT PHONE: 805.865.0592

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EXHIBIT A-7

Santa Barbara County Department of Behavioral Wellness Award Letter to MWC CCE-PP OSP
for Polly's House Dated August 27, 2024



Antonette Navarro, LMFT
Director

August 27, 2024

Annmarie Cameron
Chief Executive Officer
Mental Wellness Center
617 Garden Street
Santa Barbara, CA 93101

RE: Community Care Expansion Preservation Program Operating Subsidy Payments NOFA Application

Dear Ms. Cameron:

Congratulations. Santa Barbara County's Department of Behavioral Wellness (BWell) is pleased to announce that Mental Wellness Center has been selected to receive a conditional Community Care Expansion Preservation Program – Operating Subsidy Payments award in the amount of \$100,000 for Polly's House.

Awardees will be able to draw down funding on a reimbursement basis after the Standard Agreement between Mental Wellness Center and the County is fully executed, BWell has received a copy of the Deed of Restrictions for at least the length of the funding term, and other general or special conditions have been approved in writing. Expenditures may not be incurred prior to the execution of the Standard Agreement.

Congratulations on your successful application. Please contact me at ezurooske@sbcwwell.org or (805) 865-0592 with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Evelyn Zurooske".

Evelyn Zurooske
Housing and Grants Program Manager

EXHIBIT B
Approved Uses for OSP Facility Costs

Approved Uses for Operating Subsidy Payment Funds.

Funds must be used to supplement, not supplant, other funding available from existing local, state, or federal programs or grants with similar purposes (i.e. existing funds used to support the prioritized population). Eligible operating expenses may include the following costs reasonably and actually incurred:

- (i) utilities, including heating, water, sewer, telephone, broadband and internet, and common area utilities;
- (ii) maintenance and repairs, including supplies, trash removal, snow removal, pest control, grounds upkeep and landscaping, and painting;
- (iii) staff and payroll costs required to sufficiently operate the Project, including administrative, maintenance, and security staff/payrolls, provided that staffing costs must be attributed to the Project as a whole and not in direct service or support of any single individual;
- (iv) marketing and leasing, including advertising, credit investigations, and leasing fees;
- (v) taxes and insurance, including real estate taxes and property insurance;
- (vi) office supplies and expenses;
- (vii) accounting, such as tax filings, audits, and reporting to investors associated with the operation of the Project;
- (viii) strategic planning and coordination with local health, social services, or homelessness systems of care to support sustainable long-term facility operations; and
- (ix) other operating expenses as approved by the Sponsor.

Non Approved Uses for Operating Subsidy Payment Funds. Funds may not be used to pay for the following:

1. expenses unrelated to operational costs;
2. Sponsor distributions;
3. expenses or fees related to change in ownership, limited partner buyout, substitution, or assignment of ownership interest; or
4. expenses or fees related to tort or contract liability.

EXHIBIT C-1

Operating Budget and Cash Flow Projections
(Entity Budget By Program)
Applicable to Project: MWC – Polly’s House OSP

	1 FACILITY COSTS	Polly's House 1801 Bath Street , Santa Barbara, CA	PROJECT NAME AND LOCATION
2	Utilities		
3	Maintance and Repairs	\$ 95,000.00	
4	Staff and Payroll		
5	Marketing and Leasing		
6	Taxes and Insurance		
7	Office Supplies and Expenses		
8	Accounting		
	Strategic Planning		
	Other: Equipment/ Patio Furniture	\$ 5,000.00	
	Other:		
9	Other:		
10	Facillty Costs Subtotal	\$ 100,000.00	\$ -
11	INDIRECT COSTS		
	Administrative Indirect Costs (reimbursement limited to 15% not on top of match)		
12		\$ 10,000.00	
13	GROSS DIRECT AND INDIRECT COSTS	\$ 110,000.00	\$ -
	PROJECTED BUDGET SHORTFALL	\$ 100,000.00	\$ -

EXHIBIT C-2

Indemnification and Insurance Requirements (For contracts involving the care/supervision of children, seniors or vulnerable persons)

INDEMNIFICATION

RECIPIENT agrees to indemnify, defend (with counsel reasonably approved by SPONSOR) and hold harmless SPONSOR and its officers, officials, employees, agents and volunteers from and against any and all claims, actions, losses, damages, judgments and/or liabilities arising out of this Agreement from any cause whatsoever, including the acts, errors or omissions of any person or entity and for any costs or expenses (including but not limited to attorneys' fees) incurred by SPONSOR on account of any claim except where such indemnification is prohibited by law. RECIPIENT'S indemnification obligation applies to SPONSOR'S active as well as passive negligence but does not apply to SPONSOR'S sole negligence or willful misconduct.

NOTIFICATION OF ACCIDENTS AND SURVIVAL OF INDEMNIFICATION PROVISIONS

RECIPIENT shall notify SPONSOR immediately in the event of any accident or injury arising out of or in connection with this Agreement. The indemnification provisions in this Agreement shall survive any expiration or termination of this Agreement.

INSURANCE

RECIPIENT shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the RECIPIENT, its agents, representatives, employees or subcontractors.

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products-completed operations, personal & advertising injury, with limits no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if RECIPIENT has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
3. **Workers' Compensation:** Insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. ***(Not required if RECIPIENT provides written verification that it has no employees)***
4. **Professional Liability:** (Errors and Omissions) Insurance appropriate to the RECIPIENT'S profession, with limit no less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate.
5. **Sexual Misconduct Liability:** Insurance covering actual or alleged claims for sexual misconduct and/or molestation with limits of not less than \$2,000,000 per claim and

\$2,000,000 aggregate, and claims for negligent employment, investigation, supervision, training or retention of, or failure to report to proper authorities, a person(s) who committed any act of abuse, molestation, harassment, mistreatment or maltreatment of a sexual nature.

If the RECIPIENT maintains broader coverage and/or higher limits than the minimums shown above, the SPONSOR requires and shall be entitled to the broader coverage and/or the higher limits maintained by the RECIPIENT. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the SPONSOR.

B. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

1. **Additional Insured** – SPONSOR, its officers, officials, employees, agents and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the RECIPIENT including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the RECIPIENT'S insurance at least as broad as ISO Form ISO Form CG 20 10 11 85 or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).
2. **Primary Coverage** – For any claims related to this contract, the RECIPIENT'S insurance coverage shall be primary insurance primary coverage at least as broad as ISO CG 20 01 04 13 as respects the SPONSOR, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the SPONSOR, its officers, officials, employees, or volunteers shall be excess of the RECIPIENT'S insurance and shall not contribute with it.
3. **Notice of Cancellation** – Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the SPONSOR.
4. **Waiver of Subrogation Rights** – RECIPIENT hereby grants to SPONSOR a waiver of any right to subrogation which any insurer of said RECIPIENT may acquire against the SPONSOR by virtue of the payment of any loss under such insurance. RECIPIENT agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the SPONSOR has received a waiver of subrogation endorsement from the insurer.
5. **Deductibles and Self-Insured Retention** – Any deductibles or self-insured retentions must be declared to and approved by the SPONSOR. The SPONSOR may require the RECIPIENT to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.
6. **Acceptability of Insurers** – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best's Insurance Guide rating of "A- VII".
7. **Verification of Coverage** – RECIPIENT shall furnish the SPONSOR with proof of insurance, original certificates and amendatory endorsements as required by this Agreement. The proof of insurance, certificates and endorsements are to be received and approved by the SPONSOR before work commences. However, failure to obtain

the required documents prior to the work beginning shall not waive the RECIPIENT'S obligation to provide them. The RECIPIENT shall furnish evidence of renewal of coverage throughout the term of the Agreement. The SPONSOR reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

8. **Failure to Procure Coverage** – In the event that any policy of insurance required under this Agreement does not comply with the requirements, is not procured, or is canceled and not replaced, SPONSOR has the right but not the obligation or duty to terminate the Agreement. Maintenance of required insurance coverage is a material element of the Agreement and failure to maintain or renew such coverage or to provide evidence of renewal may be treated by SPONSOR as a material breach of contract.
9. **Subcontractors** – RECIPIENT shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and RECIPIENT shall ensure that SPONSOR is an additional insured on insurance required from subcontractors.
10. **Claims Made Policies** – If any of the required policies provide coverage on a claims-made basis:
 - i. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
 - ii. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of contract work.
 - iii. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the RECIPIENT must purchase “extended reporting” coverage for a minimum of five (5) years after completion of contract work.
11. **Special Risks or Circumstances** – SPONSOR reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. RECIPIENT agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of SPONSOR to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of SPONSOR.

Attachment A
Community Care Expansion (CCE) Preservation Program Deed Restriction and
Performance Deed of Trust Template

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Template Deed Restrictions

This document provides counties with template Deed Restrictions to assist in the operation of the Community Care Expansion (“CCE”) Preservation Program and ensure facilities meet the requirements to provide licensed residential care under the CCE Preservation Program. The templates and guidance in this document are based on CCE Preservation Program guidelines and recommendations. Counties operating the CCE Preservation Program are nonetheless responsible for complying with all applicable statutes and program authority.

Deed Restrictions

Certain provisions of the California Welfare and Institutions Code (“Code”) were recently amended. These amendments affect the securitization of Capitalized Operating Subsidy Reserve (“COSR”) Funds under the Community Care Expansion Program (“Program”). On July 2, 2024, a trailer bill (“Trailer Bill”) was signed into law which authorizes the California Department of Social Services (“CDSS”), at its discretion, to accept an alternative, legally enforceable agreement (“Alternative Agreement”) in lieu of deed restrictions for a facility awarded funding and that seeks to receive COSR.

Please note, before the Trailer Bill was passed, deed restrictions were required for all facilities receiving Operating Subsidy Program Funds (“OSP Funds”), and were strongly suggested for those facilities receiving Capital Project Funds (“CP Funds”). Through the Trailer Bill, counties may enter into an Alternative Agreement instead of requiring deed restrictions for facilities receiving both OSP Funds and CP Funds. For additional information on this topic, please see the letter recently distributed to all county grantees providing guidance regarding Alternative Agreements and the Trailer Bill.

Under the CCE Preservation Program, facilities receiving OSP Funds may be required to record deed restrictions, at the county’s discretion. So long as the county is operating the CCE Preservation Program, the deed restrictions should require that these facilities provide licensed residential adult and senior care. Therefore, to the extent counties continue to require deed restrictions, the following items should be addressed in the deed restrictions:

- Identification of the property (including address and Assessor Parcel Number (APN));
- The purpose of the deed restrictions;
- The objective to preserve licensed residential adult and senior care facilities for individuals who are recipients of Supplemental Security Income/State Supplementary Payment (SSI/SSP) or Cash Assistance Program for Immigrants (CAPI) who are experiencing or at risk of homelessness;
- The property owner’s or operator’s obligations to use the property solely for licensed residential adult and senior care facilities, to maintain the property in good condition, and to provide housing to eligible residents without impermissible discrimination;
- Notification of changes in ownership or use of the property should be provided to the county and copies of the deed restrictions should be provided to subsequent purchasers or transferees of the property;
- The deed restrictions shall run with the land and be binding on the property owner, their heirs, successors, and assigns;
- Consequences of violation of the deed restrictions; and

- The property owner must commit to using the property in a manner consistent with the deed restriction's purpose.

Please note that deed restrictions should be recorded on title of the property before the county can approve any OSP Fund payment. The deed restrictions must also be in effect for at least the length of time in which the county operates the CCE Preservation Program.

In addition to OSP Funds, counties may choose to require deed restrictions for CP Funds. If counties do choose to require deed restrictions, in addition to the foregoing recommendations, counties should require a deed restriction of at least five (5) years or the length of time the county determines appropriate, relative to the amount of CP Funds.

To record deed restrictions, the property owner must first execute and notarize the deed restriction. The deed restrictions must then be recorded with the County Recorder's Office in the county where the property is located, subject to all fees and additional county requirements. If a recipient does not own the property, the recipient must obtain consent from the property owner prior to any recordation; any deed restriction which does not contain the notarized signature of the property owner may not be valid against the property in question.

Attachments

A deed restriction template is enclosed and may be used by counties operating the CCE Preservation Program. "Owner" and "Recipient" may or may not be the same entity in the enclosed template, depending on each project. "Owner" is the fee owner and "Recipient" would be the recipient of Program funds. Additionally, a Performance Deed of Trust ("PDOT") is included. A PDOT provides for foreclosure rights against the property in the event of noncompliance with the agreement. The decision of whether to include a PDOT depends on the project, facility type, and scope. Prior to entering into a PDOT, the parties should confirm if there are senior mortgage lenders that would accept a PDOT and if acceptable, whether any subordination agreements would be required.

For any questions, please contact your Grant Coordinator.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

ADDRESS
ADDRESS
ADDRESS
Attention: Name

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION
27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DECLARATION OF RESTRICTIONS

This Declaration of Restrictions (the "**Declaration**"), dated as of [_____, 20__] ("**Effective Date**"), by _____ [INSERT NAME OF REAL PROPERTY OWNER AND TYPE OF ENTITY] (the "**Owner**") and [NAME OF RECIPIENT, TYPE OF ENTITY] (the "**Recipient**"), its successors, assigns and transferees is hereby given to and for the benefit of the CALIFORNIA DEPARTMENT OF SOCIAL SERVICES, a public agency of the State of California ("**CDSS**"), HORNE LLP, a Delaware limited liability partnership ("**Horne**"), [JURISDICTION OR SPONSOR NAME], a [(state of formation) (entity type)] ("**Sponsor**"), and their successors, assigns and transferees. The Owner and the Recipient may collectively be referred to herein as the "**Declarants**."

RECITALS

A. This Declaration affects Owner's [and Recipient'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. Horne entered into an agreement with the State of California (the "**State**") through CDSS to facilitate a Community Care Expansion ("**CCE**") Preservation Program ("**Program**"), authorized under California Welfare & Institutions Code § 18999.97-18999.98, established by California Assembly Bill No. 172 (Chapter 696, Statutes of 2021), for the immediate preservation of licensed residential adult and senior care facilities (each, a "**Long Term Care (LTC) Services Facility**") that service applicants and recipients of Supplemental Security Income/State Supplementary Payment ("**SSI/SSP**") or Cash Assistance Program for Immigrants ("**CAPI**") who need the care and supervision that is provided by the LTC Services Facility (such applicants and

Declaration of Restrictive Covenants – Community Care Expansion Preservation Program

Recipient: [INSERT NAME OF PROGRAM RECIPIENT]

Owner: [INSERT NAME OF REAL PROPERTY OWNER]

Project: [INSERT NAME OF PROJECT]

Rev: 12-28-23

Prep: [INSERT DATE DOCUMENT IS PREPARED]

Page 1 of 42

recipients, “**Qualified Residents**”) but excluding SSI/SSP and CAPI applicants or recipients who are receiving services through a regional center (“**LTC Services**”).

C. Pursuant to the requirements of the Program and CDSS guidelines, qualified grantees or entities shall use Program funding awards to establish:

a. Operating subsidy payments (“**OSP**”) to fund operating subsidies to existing licensed residential adult and senior care facilities serving Qualified Residents cover potential or projected operating deficits on a facility that is deed restricted to provide licensed residential care for at least the term during which OSP is received from the Sponsor; and

b. CP Capital projects award (“**CP**”) to preserve facilities in need of critical repairs or required upgrades, thereby potentially preventing closure, which could result in exits to homelessness.

D. In furtherance of the Program, Sponsor and Horne entered into that certain unrecorded Program Funding Agreement [CONTRACT NUMBER] dated [DATE OF CONTRACT] pursuant to which Sponsor shall receive [OSP and/or CP (as applicable)] and further pursuant to which Sponsor shall award a portion of such OSP and/or CP funds to [Owner/Recipient], subject to the terms therein (“**Contract**”).

E. In furtherance of the Program and in accordance with the Contract, Sponsor and Recipient have entered into a certain unrecorded Operator Agreement dated [DATE OF CONTRACT] (the “**Operator Agreement**”).

F. Capitalized terms not defined herein, shall have the meanings ascribed thereto in the California Welfare & Institutions Code § 18999.97-18999.98.

G. Although not required by the California Welfare & Institutions Code, to ensure the construction and continued operation of the goals, requirements, and objectives of the Program and as consideration for the OSP and/or CP funds awarded by Sponsor, the Owner and the Recipient agreed to encumber their respective interests and enter into this Declaration, and to restrict the use of the Property to adult and senior care facilities that serve, among others, Qualified Applicants, as further described in the unrecorded Contract.

H. The term[s] “**Owner**” [and “**Recipient**”] as used in this Declaration shall include all successors, assigns and transferees of any or all of the [respective] interests of the Owner [and Recipient] in the Property and the LTC Services Facility.

I. This Declaration shall be secured by that certain Performance Deed of Trust, dated as of the Effective Date, 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, [Owner/Declarants], in consideration of the Program funding awarded to [Owner/Recipient] and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby covenant, agree and declare that the Property shall be owned, held, used, maintained, and transferred pursuant to the following restrictive covenants (the

“Covenants”) and that such Covenants shall be binding upon all of [Owner’s/Declarants’] successors, assigns and transferees to the Property, and all lessees, tenants, contractors, agents, and all persons claiming an interest in the Property, or claiming an interest by and through any of the foregoing.

AGREEMENT

A. Use of Property. [Owner/Declarants], for [itself/themselves] and for [its/their] successors and assigns, hereby declare[s] and covenant[s] that, for the Term (as hereafter defined), all use of the Property and any improvements thereon shall be restricted to continuous and lawful use as a licensed adult and senior residential care facility. Any other use shall require the express prior written approval of Sponsor, Horne, and/or CDSS, in their sole and absolute discretion, and may require the recordation of a new or amended Declaration of Restrictions reflecting the use(s) agreed upon, that shall thereafter supersede this Declaration.

B. Operations. [Owner/Declarants], for [itself/themselves] and for [its/their] successors and assigns, hereby declare[s] and covenant[s] that, for the term of this Declaration [it/they] will:

- a. Use Program funds received pursuant to the Operator Agreement in accordance with the eligible uses identified in the Operator Agreement;
- b. Continue serving Qualified Residents;
- c. Prioritize applications from Qualified Residents currently experiencing or at risk of homelessness; and
- d. Remain in good standing with the Community Care Licensing Division or certify that the CP or OSP funds will bring them into good standing, defined as in “substantial compliance” with licensing statutes and regulations per California Code of Regulations, Title 22 § 80001(s)(8), 81001(s)(8), 87101(s)(9), and 87801(s)(7).

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

- a. To keep the Property, and all improvements thereon, in decent, safe, and sanitary condition and repair, and to permit no waste thereof;
- b. Not to commit or allow to be done on or about the Property any condition causing the Property to become less valuable or ineligible for any approvals, permits or licenses required or customary for facilities providing similar LTC Services, except in accordance with this Declaration and the Contract;
- c. Not to construct any buildings or improvements on the Property, other than the buildings and improvements (if any) contemplated as part of this Declaration and the Contract, 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, without the prior written approval of Sponsor and Horne, in Horne’s sole discretion;

d. To promptly repair, restore or rebuild any buildings or improvements on the Property that may be damaged or destroyed while subject to this Declaration or promptly provide Notice to Sponsor of Owner's inability to repair, restore or rebuild any buildings or improvements on the Property that may be damaged or destroyed while subject to this Declaration;

e. 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;

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

g. Not to alter the use of all or any part of the Property without Sponsor's and Horne's prior written consent.

D. Restrictions on Sale, Encumbrance, and Other Acts.

a. [Owner/Declarants] shall not, except with Sponsor's and Horne's prior written consent, make any sale, encumbrance, hypothecation, assignment, refinancing, pledge, conveyance, or transfer of the Property or of any of [its/their] interest in the Property.

b. If Horne 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 or Program requirements.

E. Charges; Liens. [Owner/Declarants] shall pay all taxes, assessments, and other charges, fines and impositions attributable to the Property, if any, by [Owner/Declarants] making payment, when due, directly to the payee thereof. [Owner/Declarants] shall promptly furnish to Sponsor all notices of amounts due under this subsection, and where [Owner/Declarants] make[s] direct payments, [Owner/Declarants] shall promptly furnish to Sponsor and Horne receipts evidencing such payments. [Owner/Declarants] 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/Declarants] 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 Sponsor, Horne, or CDSS.

F. Building Permits. [Owner/Declarants] agree(s) 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.

G. Hazard and Liability Insurance and Condemnation.

a. [Owner/Declarants] shall keep the Property insured against loss by fire, flood, earthquake, and such other hazards, casualties, liabilities, and contingencies, and in such amounts and for such periods as required by Sponsor and Horne, in their sole and absolute discretion. All insurance policies and renewals thereof shall be issued by a carrier and in a form

acceptable to Sponsor, Horne, and CDSS in their sole and absolute discretion, with Sponsor, Horne, and CDSS named as additional insureds.

b. In the event of any fire, flood, earthquake, 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 Sponsor 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 Operator 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 partial repayment of the Program funds, to the extent CP funds were used on the Property. Sponsor 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.

H. 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/Declarants] expressly acknowledge(s) and agree(s) that the Declaration is a reasonable restraint on the [Owner's/Declarants'] 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.

I. Binding on Successors and Assigns. The Declaration contained herein shall be binding upon all of [Owner's/Declarants'] successors, assigns and transferees to or of the Property, and upon all lessees, tenants, licensees, 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, any portion of, or interest in the Property, by the acceptance of a deed therefor, 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.

J. 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 the term of OSP payments, provided that such term is for a minimum of five (5) years after the Effective Date (the "**Term**"), regardless of any sale, assignment, transfer, or conveyance (including, without limitation, by foreclosure sale) of the Property or any portion thereof.

K. Default, Remedies. A default under this Declaration shall constitute a default under the Operator Agreement; and a default under this Declaration shall entitle CDSS, Sponsor, and 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, Sponsor'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.

a. 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, Sponsor'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.

b. Injunctive Relief. In pursuing specific performance of the Declaration, Horne, Sponsor, or CDSS shall be entitled to petition the court for injunctive relief to preserve Horne's, Sponsor's or CDSS's interests in the Property and their 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.

c. Appointment of Receiver. In conjunction with any other remedy available at law or in equity, Horne, Sponsor, 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.

d. 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.

L. Horne, Sponsor, and CDSS Review and Inspection.

a. At any time during the term of this Declaration and upon reasonable notice, during business hours Horne, Sponsor, CDSS, or their designee(s) may, but are not obligated to, enter and inspect the Property, conduct interviews without prior consent, and inspect all records pertaining to the operation, repair, and maintenance of the Property. Upon request by Horne, Sponsor, or CDSS, the [Owner/Recipient] shall notify occupants of upcoming inspections in accordance with state and local law. All notices shall be provided in accordance with Section R below.

b. CDSS, Sponsor, or Horne may, but are not obligated to, request any other information that they deem necessary to confirm compliance with this Declaration. The [Owner/Declarant] shall provide such requested information within fourteen (14) calendar days of Horne's, Sponsor's, or CDSS's written request for the information.

c. During the Term of this Declaration, Owner shall submit to CDSS, Sponsor, or Horne, as required by Horne, Sponsor, or CDSS, in their sole discretion, written documentation, in a form and at a frequency acceptable to Horne, Sponsor, or CDSS, in their sole discretion, providing sufficient detail and with sufficient supporting information to permit Horne, Sponsor,

CDSS, or their designee(s), to monitor and confirm that [Owner's/Declarants'] uses of the Property are in accordance with the uses described in this Declaration.

d. CDSS, Sponsor, 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/Declarants], 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, Sponsor's, or CDSS's exercise or non-exercise of their discretion under this subsection constitute, or be deemed or interpreted as constituting, any termination, limitation, alteration, or waiver by Horne, Sponsor, or CDSS of any right, benefit, or remedy under or with respect to this Declaration.

M. Owner/Declarants Representations. [Owner/Declarants] represent[s] and warrant[s] to Horne, Sponsor, and CDSS that: (1) [Owner/Declarants] [has/have] sufficient interest in the Property to support the operation of the Property in accordance with this Declaration; (2) to [Owner's/Declarants'] actual knowledge and belief, there are no agreements, contracts, covenants, conditions, or exclusions to which [Owner/Declarants] (or [its/their] predecessor[s] in interest) [is/are] a party which would, if enforced, prohibit or restrict the use of the Property in accordance with the terms of this Declaration; (3) [Owner/Declarants] [has/have] the full right and authority to enter into this Declaration; (4) this Declaration constitutes a valid and legally binding obligation on [Owner/Declarants], enforceable in accordance with its terms; and (5) [Owner/Declarants] [is/are] duly organized and authorized to do business in the State of California.

N. Amendment, Modification. [Owner/Declarants] 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 Sponsor, Horne and 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 Sponsor, Horne, or CDSS shall be void.

O. 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.

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

Q. Recordation of Agreement. This Declaration shall be recorded in the official records of the County of _____ [NAME OF COUNTY] no later than thirty (30) days after the Effective 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.

R. Notice. If at any time after the execution of this Declaration 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

- a. if intended for CDSS, it shall be addressed to:

State of California
California Department of Social Services
744 P Street MS 8-4-461
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

with a copy to:

Ballard Spahr LLP
2029 Century Park E Suite 1400,
Los Angeles, CA 90067
Attention: Spencer Eldred, Esq.

- b. if intended for [Owner/Declarant] shall be addressed to:

[NAME]
[ADDRESS]
[ADDRESS]
Attn: _____

with a copy to:

[NAME]
[ADDRESS]
[ADDRESS]

- c. and (3) if intended for Sponsor shall be addressed to:

[NAME]
[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 CDSS, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

SIGNATURE ON FOLLOWING PAGE

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

[TO BE INSERTED BY TITLE COMPANY]

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

ADDRESS
ADDRESS
ADDRESS
Attention: Name

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION
27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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__] (“**Effective Date**”), by and among _____ (“**Trustor**”), _____ Title Company, a California corporation (“**Trustee**”), the California Department of Social Services, a public agency of the State of California (“**Beneficiary**”), and the County of [_____] (“**County**”).

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. HORNE LLP, a Delaware limited liability partnership (“**Horne**”), entered into an agreement with the State of California (the “**State**”) through Beneficiary to facilitate a Community Care Expansion Preservation (“**CCE**”) Program (“**Program**”), authorized under California Welfare & Institutions Code § 18999.97-18999.98, established by California Assembly Bill No. 172 (Chapter 696, Statutes of 2021), for the immediate preservation of licensed residential adult and senior care facilities (each, a “**Long Term Care (LTC) Services Facility**”) that service applicants and recipients of Supplemental Security Income/State Supplementary Payment (“**SSI/SSP**”) or Cash Assistance Program for Immigrants (“**CAPI**”) who need the care and supervision that is provided by the LTC Services Facility (such applicants and recipients, “**Qualified Residents**”) but excluding SSI/SSP and CAPI applicants or recipients who are receiving services through a regional center (“**LTC Services**”).

C. Pursuant to the requirements of the Program and Beneficiary guidelines, qualified grantees or entities shall use Program funding awards to establish:

a. Operating Subsidy Payments (“**OSP**”) to fund operating subsidies to existing licensed residential adult and senior care facilities serving Qualified Residents cover

potential or projected operating deficits on a facility that is deed restricted to provide licensed residential care for at least the term during which OSP is received from the County; and

b. CP Capital projects award (“CP”) to preserve facilities in need of critical repairs or required upgrades, thereby potentially preventing closure, which could result in exits to homelessness.

D. In furtherance of the Program, County and Horne entered into that certain unrecorded Program Funding Agreement [CONTRACT NUMBER] dated [DATE OF CONTRACT] pursuant to which County shall receive [OSP and/or CP (as applicable)] and further pursuant to which County shall award a portion of such OSP and/or CP funds to [Owner/Recipient], subject to the terms therein (“Contract”).

E. In furtherance of the Program and in accordance with the Contract, County and Trustor have entered into a certain unrecorded Operator Agreement dated [DATE OF CONTRACT] (the “Operator Agreement”) through which Trustor is to be disbursed funds in accordance with the terms thereof, in an amount not to exceed [] Dollars (\$) (the “CCE Funds”).

F. Capitalized terms not defined herein, shall have the meanings ascribed thereto in the California Welfare & Institutions Code § 18999.97-18999.98.

G. As a condition of receiving the CCE Funds, the Beneficiary and County are requiring Trustor to execute and record in the land records of the County of [] against the Trustor’s [fee] interest in the Property, that certain Declaration of Restrictions of even date herewith (the “Declaration of Restrictions”) limiting the use of the Property to certain restricted uses, as further 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.

H. Trustor has agreed to execute and deliver to Beneficiary and County this Performance Deed of Trust as security for the performance of all obligations of Trustor under the Operator Agreement and the Declaration of Restrictions. Collectively, this Performance Deed of Trust, the Operator Agreement, and the Declaration of Restrictions, and any and all modifications, extensions, amendments, replacements thereto, and under any other instrument or agreement entered into by and among Beneficiary, County, and Trustor related to the Property shall be referred to herein as the “Program Documents.”

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 and County 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 and/or leasehold interest in the Property, as applicable;
- (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 or among Beneficiary, County, and Trustor relating to the Property, which documents are incorporated herein by reference; and

(b) Payment of any sums advanced by Beneficiary or County 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 and County 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 and County 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 and County reasonably deem necessary or desirable to protect their interests in and to the Security or the Program Documents; provided, however, that Beneficiary and County shall exercise their 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 and County shall be subject to the rights of senior lenders approved by the Beneficiary and County.

Upon demand by Beneficiary or County, Trustor shall make or cause to be made such demands or claims as Beneficiary or County 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 or County, 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 and County, 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 or County may (but shall be under no obligation to) pay the same, after the Beneficiary or County (as applicable) 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 or County, 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 or County (as applicable) 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 are 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 and County 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 or County, after at least seven (7) days prior written 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 or County shall become an additional obligation of the Trustor to the Beneficiary or County (respectively) (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 or County (as applicable), 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 County, 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 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 County by a wire transfer or check made payable to the County. The County 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 County shall determine at its sole option. The County 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 County 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 County that such rebuilding is economically feasible. Application of all or any part of the Funds collected and received by the County or the release thereof shall not cure or waive any default under this Performance Deed of Trust. All rights of the Beneficiary and County under this Section are subject to the rights of any senior mortgage lender approved by the County.

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 or County 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 or County (as applicable) the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary or County (as applicable); and any such amounts paid by the Beneficiary or County (as applicable) 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 and County such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary and County a valid perfected security interest in the Security. The Trustor agrees to perform all acts that the Beneficiary and County may reasonably request so as to enable the Beneficiary and County to maintain such valid perfected security interest in the Security in order to secure Trustor's obligations under the Program Documents. The Beneficiary and County are 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, County, and their 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

Section 6.1 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.

Section 6.2 Trustor shall immediately advise Beneficiary and County 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 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 § 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.

Section 6.3 Beneficiary and County 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 County and their 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 and County in connection with clauses (a) and (b), including but not limited to reasonable attorneys’ fees.

Section 6.4 Without Beneficiary’s and County’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 or County’s reasonable judgement, impair the value of the Beneficiary’s or County’s security hereunder; provided, however, that Beneficiary’s or County’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 or County’s consent before taking such action, provided that in such event Trustor shall notify Beneficiary and County as soon as practicable of any action so taken. Beneficiary and County agree not to withhold their 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 and County that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's and County' security interest hereunder; or (iv) the action has been agreed to by Beneficiary and County.

Section 6.5 The Trustor hereby acknowledges and agrees that: (i) this Article is intended as the Beneficiary's and County'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 § 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, County, and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure § 736.

Section 6.6 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 § 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure § 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 § 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 and County's right to proceed as an unsecured creditor under California Code of Civil Procedure § 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 § 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 or County in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure § 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 and County (as applicable) upon its demand made at any time following the conclusion of such action.

Section 6.7 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 and County's Right to Enter and Take Possession.

All rights of the Beneficiary and County under this Section are subject to the rights of any senior mortgage lender approved by the Beneficiary and County. If an Event of Default shall have occurred, the Beneficiary and County each may, but with Beneficiary having priority over County:

(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 and County 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, County, or Beneficiary shall cause to be duly filed of 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.

Notwithstanding the above, at its election, Beneficiary and County 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 or County elect to foreclose by exercise of the power of sale herein contained, the Beneficiary or County 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 or County, 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 2924(g)(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 or County, 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 amount of the CCE Funds; (2) amounts due to County with respect to the Program Documents, including the amount of the CCE Funds not paid to Beneficiary; (3) all other sums then secured hereby; and (4) 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 and County, 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 or County (as applicable) 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 or County 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 or County 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 and County may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary and County. Beneficiary's or County'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 or County 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 or County of its rights hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary or County (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 or County 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 and County, shall the lien of this Performance Deed of Trust be altered thereby.

Section 7.7 Suits to Protect the Security.

The Beneficiary and County 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 and County 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 or County.

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 or County 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, County, and Trustor.

Section 8.2 Reconveyance by Trustee.

Upon written request of Beneficiary or County 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 respective 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 8-4-461
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

with a copy to:

Ballard Spahr LLP
2029 Century Park E Suite 1400,
Los Angeles, CA 90067
Attention: Spencer Eldred, Esq.

(2) if intended for Trustor shall be addressed to:

[NAME]
[ADDRESS]
[ADDRESS]
Attn: _____

with a copy to:

[NAME]
[ADDRESS]
[ADDRESS]

and (3) if intended for County shall be addressed to:

[NAME]
[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 or County shall also be provided by the Beneficiary or County (as applicable) 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 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 and County 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 and County (as applicable), 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 or proceeding in which Trustor, Beneficiary, County, 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) and County agree 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: _____

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

BENEFICIARY:

By: _____

Name: _____

Its: _____

Date: _____

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 California Department of Social Services, a public agency of the State of California (“**Beneficiary**”), and the County of [_____] (“**County**”).

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.

G. HORNE LLP, a Delaware limited liability partnership (“**Horne**”) entered into an agreement with the State of California (the “**State**”) through Beneficiary to facilitate the Community Care Expansion (“**CCE**”) Preservation Program (“**Program**”), authorized under California Welfare & Institutions Code § 18999.97-18999.98, established by California Assembly Bill No. 172 (Chapter 696, Statutes of 2021), for the immediate preservation of licensed residential adult and senior care facilities (each, a “**Long Term Care (LTC) Services Facility**”) that service applicants and recipients of Supplemental Security Income/State Supplementary Payment (“**SSI/SSP**”) or Cash Assistance Program for Immigrants (“**CAPI**”) who need the care and supervision that is provided by the LTC Services Facility (such applicants and recipients, “**Qualified Residents**”) but excluding SSI/SSP and CAPI applicants or recipients who are receiving services through a regional center (“**LTC Services**”).

H. Pursuant to the requirements of the Program and Beneficiary guidelines, qualified grantees or entities shall use Program funding awards to establish:

a. operating subsidy payments (“**OSP**”) to fund operating subsidies to existing licensed residential adult and senior care facilities serving Qualified Residents (as hereafter defined) cover potential or projected operating deficits on a facility that is deed restricted to provide licensed residential care for at least the term during which OSP is received from the County; and

b. a CCE Capital projects award (“**CP**”) to preserve facilities in need of critical repairs or required upgrades, thereby potentially preventing closure, which could result in exits to homelessness.

I. In furtherance of the Program, County and Horne entered into that certain unrecorded Program Funding Agreement [CONTRACT NUMBER] dated [DATE OF CONTRACT] pursuant to which County shall receive [OSP and/or CP (as applicable)] and further

pursuant to which County shall award a portion of such OSP and/or CP funds to [Owner/Recipient], subject to the terms therein (“**Contract**”).

J. In furtherance of the Program and in accordance with the Contract, County and Trustor have entered into a certain unrecorded Operator Agreement dated [DATE OF CONTRACT] (the “**Operator Agreement**”) through which Trustor is to be disbursed funds in accordance with the terms thereof, in an amount not to exceed [] Dollars (\$) (the “**CCE Funds**”).

K. Capitalized terms not defined herein, shall have the meanings ascribed thereto in the California Welfare & Institutions Code § 18999.97-18999.98.

G. As a condition of receiving the CCE Funds, the Beneficiary and County are requiring Trustor to execute and record in the land records of the County of [] against the Trustor’s [fee] interest in the Property, that certain Declaration of Restrictions of even date herewith (the “**Declaration of Restrictions**”) limiting the use of the Property to certain restricted uses, as further specified in the Declaration of Restrictions.

H. 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.

I. Trustor has agreed to execute and deliver to Beneficiary and County this Addendum and the Performance Deed of Trust as security for the performance of all obligations of Trustor under the Operator Agreement and the Declaration of Restrictions. Collectively, this Addendum, the Performance Deed of Trust, the Operator Agreement, and the Declaration of Restrictions, and any and all modifications, extensions, amendments, replacements thereto, and under any other instrument or agreement entered into by and among Beneficiary, County, and Trustor related to the Property shall be referred to herein as the “**Program Documents**.”

J. By this Addendum, Beneficiary and County intend 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 and County to additional notice, timing, and approval rights of the Senior Lender.

K. Trustor, County, 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.

L. 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 or County (as applicable) provides notice to the Senior Mortgage Lender following delivery of a notice of default from Beneficiary or County to Trustor under the Program Documents, as defined in the Performance Deed of Trust. Beneficiary and County are 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 or County (as applicable) 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 or County (as applicable) 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. SALE SUBJECT TO DECLARATION OF RESTRICTIONS. Beneficiary or County (as applicable) will obtain the consent of the Senior Mortgage Lender so that any foreclosure, receivership, or sale of the Property shall continue to be subject to the Declaration of Restrictions so that any foreclosure, appointment of a receiver, or sale does not remove the Declaration of Restrictions as an encumbrance on title to the Property senior to the interest of any subsequent owner.

4. AMENDMENTS AND MODIFICATIONS. Any amendments or modifications to this Addendum must be in writing and shall be made only if executed by Trustor.

5. 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.

6. ADDENDUM CONTROLS. In the event that any provision of this Addendum and the Program Documents conflict, the terms of this Addendum shall control.

[SIGNATURE BLOCK ON NEXT PAGE]

BENEFICIARY:

By: _____

Name: _____

Its: _____

Date: _____

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

COUNTY:

By: _____

Name: _____

Its: _____

Date: _____

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]

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, Recipient 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. Recipient is aware of California state laws and regulations regarding employing current or former state employees. If Recipient has any questions on the status of any person rendering services or involved with the Agreement, Sponsor 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 twelve (12)-month period prior to their leaving state service.

THIS SPACE INTENTIONALLY LEFT BLANK

If Recipient violates any provisions of above paragraphs, such action by Recipient 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)).

NAME OF RECIPIENT:

Mental Health Association in Santa Barbara County

PRINTED NAME OF PERSON SIGNING
FOR RECIPIENT:

Annmarie Cameron

SIGNATURE OF PERSON SIGNING
FOR RECIPIENT

DocuSigned by:

Annmarie Cameron

4119C41D52E741F...

DATE

3/27/2025

TITLE

CEO

Attachment C

**The California Department of Social Services
Confidentiality and Information Security Requirements
County - 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 Recipient is obligated to follow with respect to all confidential and sensitive information (as defined herein) disclosed to or collected by Recipient, pursuant to the Agreement in which this Attachment is incorporated. CDSS, Horne, Sponsor and Recipient 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 Recipient and Sponsor.
- 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.). Recipient 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 Code 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 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.
- b. CDSS CSP which may become available to Recipient as a result of the implementation of the Agreement shall be protected by Recipient from unauthorized access, use, and disclosure as described in this Attachment.
- c. Recipient 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 Recipient of these confidentiality provisions;
 - ii. already known to Recipient before receipt from CDSS without an obligation of confidentiality owed to CDSS;
 - iii. provided to Recipient from a third party except where Recipient knows, or reasonably should know, that the disclosure constitutes a breach of confidentiality or a wrongful or tortious act; or
 - iv. independently developed by Recipient without reference to CDSS CSP.

IV. Recipient Responsibilities.

- a. **TRAINING.** Recipient 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.** Recipient 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.** Recipient 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 Recipient receives a subpoena or other validly issued administrative or judicial notice requesting the disclosure of CDSS CSP, Recipient will immediately notify the Horne Project Director, CDSS Information Security and Privacy Officer, and Sponsor Compliance Officer. In no event should notification to CDSS occur more than three (3) business days after receipt by Recipient's responsible unit for handling subpoenas and court orders.
- e. **INFORMATION SECURITY OFFICER.** Recipient 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.** Recipient shall promptly transmit to the Horne Project Director, CDSS Information Security and Privacy Officer, and Sponsor Compliance 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.** Recipient 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 Recipient and Horne, or upon a date mutually agreed upon by the Parties following expiration or termination, Recipient shall return or destroy CDSS CSP. If return or destruction is not feasible, Recipient shall provide a written explanation to the Horne Project Director, CDSS Information Security and Privacy Officer, and Sponsor Compliance 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 Recipient 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, Recipient may retain, after expiration or termination, CDSS CSP for the time specified as necessary to comply with the law.
- j. **RECORDS RETENTION.** Maintain all project materials and records pertaining to service delivery and fiscal and administrative controls for three years after final payment has been made under the terms of this Agreement, or until all pending county, State and federal audits are completed, whichever is later. Recipient agrees that the State or its designated representative shall have the right to review and copy any records and supporting documentation pertaining to the performance of

this Agreement. Upon request, the Recipient shall promptly make these materials and records available to the State or its representative including the State Auditor. Recipient agrees to allow the State or its representative access to such records during normal business hours and to allow interviews of any employees or others who might reasonably have information related to such records. Further, Recipient agrees to include a similar right of the State to audit records and interview staff in any subcontract related to this Agreement.

- k. **OBLIGATIONS CONTINUE UNTIL RETURN OR DESTRUCTION.** Recipient'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 and subpoenas, shall continue until Recipient returns or destroys CDSS CSP or returns CDSS CSP to CDSS; provided, however, that on expiration or termination of the Agreement between Recipient and Horne, Recipient shall not further use or disclose CDSS CSP except as required by state or federal law.
- l. **NOTIFICATION OF ELECTION TO DESTROY CDSS CSP.** If Recipient elects to destroy CDSS CSP, Recipient shall certify in writing, to the Horne Project Director, CDSS Information Security and Privacy Officer, and Sponsor Compliance Officer, using the contact information, that CDSS CSP has been destroyed.
- m. **BACKGROUND CHECK.** Before a member of Recipient's workforce may access CDSS CSP, Recipient 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. Recipient shall retain each workforce member's background check documentation for a period of three (3) years following Agreement termination.
- n. **CONFIDENTIALITY SAFEGUARDS.** Recipient 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. Recipient 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 Recipient'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, Recipient acknowledges that the information resources maintained by CDSS and provided to Recipient may be confidential, sensitive, and/or personal and requires special precautions to protect it from wrongful access, use,

disclosure, modification, and destruction.

2. **Workstation/Laptop Encryption.** All Recipient-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 Recipient-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.
8. **Patch Management.** To correct known security vulnerabilities, Recipient shall install security patches and updates in a timely manner on all Recipient-owned or managed workstations, laptops, tablets, smart phones, and similar devices that process and/or store CDSS CSP as appropriate based on Recipient's risk assessment of such patches and updates, the technical requirements of Recipient'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 username for accessing CDSS CSP. Recipient'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 800-88, 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.
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 Recipient outside the secure internal network must be encrypted using a FIPS 140-2 certified algorithm, such as Advanced Encryption Standard (AES), with a 128-bit 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 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.** Recipient 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.** Recipient 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 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 Recipient 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 Recipient confirms the recipient fax number before sending, takes precautions to ensure that the fax was appropriately received, maintains procedures to notify recipients if Recipient'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.** Recipient 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) 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.** Recipient shall notify the Home Project Director, CDSS Information Security and Privacy Officer, and Sponsor Compliance 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 Recipient 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. Recipient will notify CDSS, Horne, and Sponsor 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.** Recipient 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 Recipient shall cooperate fully in such investigations. Recipient is not required to disclose their un-redacted confidential, proprietary, or privileged information. Recipient will keep CDSS and Sponsor fully informed of the results of any such investigation.
- e. **Updates on Investigation.** Recipient 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, CDSS Information Security and Privacy Officer, and Sponsor Compliance Officer until the updates are no longer needed, as mutually agreed upon between Recipient and the Horne Program Director/CDSS Information Security and Privacy Officer. Recipient is not required to disclose their unredacted confidential, proprietary, or privileged information.
- f. **Written Report.** Recipient shall provide a written report of the investigation to the Horne Project Director, CDSS Information Security and Privacy Officer, and Sponsor Compliance Officer within thirty (30) business days of the discovery of the Information Security Incident and/or Breach of CDSS CSP. Recipient is not required to disclose their unredacted confidential, proprietary, or privileged information. The report shall include, but not be limited to, if known, the following:
 - i. Recipient 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

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- 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
- 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, Recipient 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 Recipient’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, Recipient 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 Recipient. 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
Sponsor Compliance Officer	
Sponsor Compliance Officer Santa Barbara County Department of Behavioral Wellness 300 N. San Antonio Road Santa Barbara, CA 93110 Email: BWellPrivacy@sbcbswell.org	

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- VII. Audits and Inspections.** CDSS may inspect and/or monitor compliance with the safeguards required in this Attachment. Recipient shall promptly remedy any violation of any provision of this Attachment and shall certify the same to the Horne Project Director, CDSS Information Security and Privacy Officer, and Sponsor Compliance Officer in writing. The fact that CDSS or Horne inspects, or fails to inspect, or has the right to inspect, does not relieve Recipient of its responsibility to comply with this Attachment.
- VIII. Amendment.** The Parties acknowledge that federal and state laws regarding information security and privacy rapidly evolve 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 Recipient, its employees, agents, or subcontractors, as determined by CDSS, may constitute a material breach of the Agreement between Recipient 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 Recipient 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 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.

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

Project Representative
Name (Printed): Annmarie Cameron
Title: CEO

Business Name: Mental Health Association in Santa Barbara County
Email Address: acameron@mentalwellnesscenter.org

Phone: 805-884-8440

Signature:

Date Signed: 3/27/2025

DocuSigned by:
Annmarie Cameron
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READ and ACKNOWLEDGED:

Information Security Officer

(or authorized official responsible for business' information security program)

Name (Printed): Annmarie Cameron

Title: CEO

Business Name: Mental Health Association in Santa Barbara County
Email Address: acameron@mentalwellnesscenter.org

Phone: 805-884-8440

Signature:

Date Signed: 3/27/2025

DocuSigned by:
Annmarie Cameron
4119C41D52E741F...

ATTACHMENT C

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