

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)

Investment in Mental Health Wellness Grant Program (“IMHWGP”)

Resolution Number MH 2016-01B

The County of Alameda – Fifth Funding Round

October 25, 2018

PURPOSE OF THE REQUEST:

Authority staff is requesting the Authority set a cure period for Resolution Number MH 2016-01 (fifth funding round) of 119 days, effective November 1, 2018 and ending on February 28, 2019, for the County of Alameda (the “County”) to cure an event of default.

ISSUE:

The County was unable to meet its first milestone condition to begin renovation of its Crisis Residential Treatment (“CRT”) by September 30, 2018. The property selected for the CRT program has complex legal issues with its title that needed to be cleared before construction/renovation could begin. The County has stated that the title issues may be resolved early 2019, but have not been able to demonstrate, with certainty, that the title will be cleared. Additionally, the County is uncertain as to when renovation will begin, even if the title is cleared.

With the County’s failure to meet the first milestone condition, the County is currently in default of its Grant Agreement. Section 6.2 of the Grant Agreement requires the Authority to provide the County written notice of the default and provide the County an opportunity to cure the default, which shall not be less than 30 calendar days. If the Grantee is unable to start renovations on or before the last day of the cure period, the Authority will require forfeiture of grant funds. The Authority’s Executive Director has not been delegated the power to set a cure period for grantees to correct events of default, and therefore, must be set by the Authority.

RECOMMENDATION:

Staff recommends the Authority approve a cure period of 119 days, effective November 1, 2018 and ending on February 28, 2019 for the County of Alameda to comply with its missed milestone condition to begin renovations on its CRT Program.

RESOLUTION NO. MH 2016-01B

**RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING A
CURE PERIOD FOR THE COUNTY OF ALAMEDA'S EVENT OF DEFAULT**

WHEREAS, on May 26, 2016, the California Health Facilities Financing Authority ("Authority") approved Resolution No. MH 2016-01 that awarded to County of Alameda ("Grantee") a grant in an amount not to exceed \$2,477,049.68 for the eligible project, consisting of no more than \$1,082,077.06 for crisis residential treatment capital costs and no more than \$1,394,972.62 for crisis stabilization capital costs;

WHEREAS, Grantee notified Authority staff that Grantee will be unable to complete the crisis stabilization program and thus, Grantee will forfeit a portion of the grant award in the amount of \$1,394,972.62 for crisis stabilization capital costs;

WHEREAS, on August 24, 2017, the Authority approved an amendment to the project description to eliminate the crisis stabilization program and extend the resolution and grant period expiration date (the date to complete and operate the project) with the condition that the Grantee must meet milestone deadlines: Grantee shall provide evidence acceptable to Authority staff demonstrating (a) start of renovations on the Project by September 30, 2018, and (b) the Project shall be operational by July 31, 2019. Funds shall not be disbursed if Grantee is unable to provide evidence acceptable to Authority staff that the Project is on track to be operational on or before July 31, 2019. Grantee must submit all disbursement requests, including required supporting documentation, to the Authority no later than November 30, 2019; and

WHEREAS, Grantee did not meet the first milestone of starting renovations on the crisis residential treatment project by September 30, 2018.

NOW, THEREFORE, BE IT RESOLVED by the California Health Facilities Financing Authority as follows:

Section 1. The Authority hereby sets a cure period of 119 days, effective November 1, 2018 and ending February 28, 2019, to cure an event of default. If the Grantee is unable to start renovations on or before the last day of the cure period, the Authority will require forfeiture of grant funds.

Section 2. The Executive Director of the Authority is hereby authorized and directed to do any and all things and to execute and deliver any and all documents which the Executive Director deems necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 3. This Resolution expires February 28, 2019.

Date Approved: _____