

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)

**Community Services Infrastructure Grant Program
Resolution Number CSI 2020-09B (Second Funding Round)**

County of Yolo

December 2, 2021

PURPOSE OF THE REQUEST:

Authority staff is requesting the Authority set a cure period for Resolution Number CSI 2020-09 ending on March 31, 2022 for the County of Yolo (County) to cure an event of default.

ISSUE:

The County was unable to meet its readiness, feasibility, and sustainability grant requirement by the November 1, 2021 deadline. Because the County requested an extension on November 1, 2021, Authority staff was not able to bring the request before the board prior to the deadline.

The County has not yet identified a property for the Community Services Infrastructure Grant Program (CSI) project. The County and Authority staff have been in lengthy discussions regarding an amendment to the grant agreement, which would allow New Hope Community Development Commission (New Hope CDC), an affiliate of Yolo County Housing Authority, to acquire and hold title to the property to be purchased with grant funds for the purpose of the CSI project. In consultation with legal counsel, Authority staff presented the County and New Hope CDC with an amended grant agreement, outlining the grant roles and responsibilities of each party. New Hope CDC did not agree with the level of responsibility outlined in the grant agreement, and the County now intends to allow Yolo County Housing Authority to purchase and hold title to the property for the CSI project. An amended grant agreement between the Authority, the County and Yolo County Housing Authority will need to be finalized and executed.

The County has also indicated that it is actively looking for a property and is committed to following through with the CSI project.

With the County's failure to meet the readiness, feasibility, and sustainability program requirements by the deadline, 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 County is unable to the meet the readiness, feasibility, and sustainability program requirements on or before the last day of the cure period, the grant is cancelled, and awarded funds would be made available in a third CSI funding round now that the Governor signed Senate Bill 170, which extended the CSI program encumbrance deadline from June 30, 2020 to June 30, 2023.

BACKGROUND:

The Authority approved a final allocation on March 26, 2020, awarding the County grant funds in an amount not to exceed \$1,622,250 to establish a new 8-10 bed substance use disorder treatment program that would provide services to approximately 80 justice-involved individuals annually. The County was required to meet the following milestone deadlines:

- 1) The County shall provide evidence acceptable to Authority staff demonstrating that the project shall be operational on or before June 30, 2022;
- 2) 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 June 30, 2022; and
- 3) Grantee must submit all capital cost disbursement requests, including required supporting documentation, to the authority no later than April 30, 2022.

RECOMMENDATION:

Staff recommends the Authority approve a cure period ending on March 31, 2022, for the County of Yolo. If the County is not able to meet the readiness, feasibility, and sustainability program requirement by March 31, 2022, the grant will be cancelled.

RESOLUTION NO. CSI 2020-09B

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

WHEREAS, on March 26, 2020, the California Health Facilities Financing Authority (“Authority”) approved Resolution No. CSI 2020-09 that awarded the County of Yolo, Health and Human Services Agency (“Grantee”) a grant in an amount not to exceed \$1,622,250 for an eligible project under the Community Services Infrastructure Grant Program;

WHEREAS, section 7425(a)(3)(B) of the Regulations authorizes the Executive Director to provide on a case-by case basis limited extensions to the readiness, feasibility, and sustainability requirement of the project;

WHEREAS, on March 25, 2021, the Executive Director approved an extension of the deadline to meet the readiness, feasibility, and sustainability requirement from March 26, 2021 to September 1, 2021;

WHEREAS, on August 31, 2021, the Executive Director approved a second extension of the deadline to meet the readiness, feasibility, and sustainability requirement to November 1, 2021; and

WHEREAS, Grantee did not meet the readiness, feasibility and sustainability deadline by November 1, 2021.

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

Section 1. The Authority hereby sets a cure period ending March 31, 2022 to cure an event of default. If Grantee is unable to meet the readiness, feasibility and sustainability deadline on or before the last day of the cure period, the Authority will require cancellation of the grant agreement and forfeiture of grant funds.

Section 2. The Executive Director and the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents, which the Executive Director and the Deputy Executive Director deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 3. This Resolution expires March 31, 2022.

Date Approved: _____