

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)

**Investment in Mental Health Wellness Grant Program
Resolution Number MH 2015-03C (Third Funding Round)**

County of Mendocino

April 28, 2022

PURPOSE OF THE REQUEST:

Authority staff is requesting the Authority set a cure period for Resolution Number MH 2015-03 ending on June 30, 2022 for the County of Mendocino (County) to cure an event of default.

ISSUE:

The County was unable to meet its open and operational milestone condition deadline of March 31, 2022 due to a delay in staffing the Crisis Residential Treatment (CRT) program.

The County completed the construction of the CRT facility in December 2021 and was issued the Community Care Licensing (CCL) and Medi-Cal certification on March 31, 2022, but because of the delays in the licensing process as well as staffing challenges, the County was not able to meet the open and operational milestone condition deadline. The service provider, Redwood Community Services, is currently in the process of transitioning existing staff from similar programs to the CRT facility or hiring new employees and is experiencing delays with the electronic CCL licensing system, which verifies staff licensing and background checks.

Due to the County's inability to meet the open and operational milestone condition by the deadline, it 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 it with an opportunity to cure the default, which shall not be less than 30 calendar days.

If the County is unable to meet the open and operational deadline on or before the last day of the cure period, the grant will be cancelled, and awarded funds will be made available in future funding rounds for the Investment in Mental Health Wellness Grant Program for Children and Youth.

BACKGROUND:

The Authority approved a final allocation on July 25, 2015, awarding the County grant funds in an amount not to exceed \$500,000.00 to establish a new 10-bed crisis residential treatment (CRT) facility to serve individuals ages 18 and over experiencing a mental health crisis. On January 30, 2020, the Authority approved a fifth amendment to Resolution Number MH 2015-03 to amend the project description by reducing the number of beds from 10 to six-eight and to amend the milestone conditions and extend the resolution and grant period expiration dates. Additionally, the County was required to submit quarterly reports detailing information on milestones achieved, progress, and obstacles or challenges related to the completion of the CRT facility.

A sixth amendment to Resolution Number MH 2015-03 was approved on December 2, 2021, extending the grant period and resolution expiration dates with the following milestone condition deadlines:

- 1) The County shall provide evidence acceptable to Authority staff demonstrating that the project shall be operational on or before March 31, 2022; and
- 2) Funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff that the project is on track to be operational on or before March 31, 2022.
- 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 June 30, 2022 for the County of Mendocino. If the County is not able to meet the open and operational program requirement by June 30, 2022, the grant will be cancelled and awarded funds forfeited.

RESOLUTION NO. MH 2015-03C

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

WHEREAS, on July 25 2015, the California Health Facilities Financing Authority (“Authority”) approved Resolution No. MH 2015-03 that awarded the County of Mendocino (“Grantee”) a grant in an amount not to exceed \$500,000 for a crisis residential treatment project under the Investment in Mental Health Wellness Grant Program;

WHEREAS, on December 2, 2021, the Authority approved a sixth amendment to extend the grant period and resolution expiration dates to June 30, 2022 with the following amended milestone conditions: (a) the project shall be operational on or before March 31, 2022; (b) funds shall not be disbursed if the County is unable to provide evidence acceptable to Authority staff that the project is on track to be operational on or before March 31, 2022; and (c) the County must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than April 30, 2022;

WHEREAS, Grantee did not meet the milestone condition of the project being operational by March 31, 2022; and

WHEREAS, 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.

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

Section 1. The Authority hereby sets a cure period ending June 30, 2022 to cure the event of default. If Grantee is unable to meet the operational milestone condition 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 or 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 June 30, 2022.

Date Approved: _____