

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)

Community Services Infrastructure Grant Program

Resolution Number CSI 2019-04B (First Funding Round)

Resolution Number CSI 2020-07B (Second Funding Round)

County of San Joaquin

January 25, 2024

PURPOSE OF THE REQUEST:

Authority staff is requesting the Authority set a cure period ending on May 31, 2024 for Resolution Number CSI 2019-04 (first funding round) and Resolution Number CSI 2020-07 (second funding round) for the County of San Joaquin (County) to cure an event of default.

ISSUE:

The County was unable to meet its milestone condition deadline of being open and operational by December 30, 2023 due to delays in obtaining the community care licensing (CCL) approval.

On October 31, 2023 the Executive Director approved under delegated authority a 60-day extension of the County's open and operational milestone condition deadline from October 31, 2023 to December 30, 2023. Facilities renovations were completed in September 2023 and the service provider successfully recruited the required staff. However, staffing shortages in the County's Purchasing Division delayed the procurement of furniture, fixtures, and equipment, which needed to be installed before the community care licensing (CCL) could be approved. The installation of the furniture, fixtures, and equipment was completed on January 5, 2024 and the County is currently awaiting confirmation of the final inspection date from the Department of Social Services to obtain the CCL license for both sites.

With the County's failure to meet the open and operational milestone condition deadline, the County is currently in default of its Grant Agreements. Section 6.2 of the Grant Agreements 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 meet the open and operational date on or before the last day of the cure period, the grant is cancelled.

RECOMMENDATION:

Staff recommends the Authority approve a cure period ending on May 31, 2024, for the County of San Joaquin. If the County is not able to meet the open and operational milestone condition deadline by May 31, 2024, the grant will be cancelled.

EXHIBIT A – Timeline of Events

EXHIBIT A

TIMELINE OF EVENTS

1. Initial Grant Awards

Approved: July 25, 2019

The Authority approved Resolution Number CSI 2019-04 awarding the County CSI grant funds in an amount not to exceed \$2,500,000.00 to establish 16-bed a new residential facility for justice-involved male adults, ages 18 and over.

Resolution and Grant Period Expiration Date: June 30, 2022

Approved: March 26, 2020

The Authority approved Resolution Number CSI 2020-07 awarding the County CSI grant funds in an amount not to exceed \$2,930,186.00 to establish a new 16-bed residential facility for justice-involved female adults, ages 18 and over.

Resolution and Grant Period Expiration Date: June 30, 2022

2. First Amendment Resolution No. CSI 2019-04 – Amend Milestone Condition Deadlines

Approved: August 27, 2020

The Authority approved an amendment to Resolution No. CSI 2019-04 to amend the milestone condition deadlines for its CSI project to align with the milestone condition deadlines of the second CSI project approved under Resolution No. CSI 2020-07 with the following milestone conditions:

1. The County must provide evidence acceptable to Authority staff demonstrating that the project will be operational by June 30, 2022
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 June 30, 2022.
3. The County must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than April 30, 2022.

3. Second Amendment Resolution No. CSI 2019-04 and First Amendment Resolution No. CSI 2020-07– Amend Milestone Condition Deadlines and Extend the Grant Period and Resolution Expiration Dates

Approved: April 28, 2022

The Authority approved an amendment to Resolution No. CSI 2019-04 and Resolution No. CSI 2020-07 amending milestone conditions and extending grant period and resolution expiration dates to October 31, 2023, allowing the County additional time to incorporate a third project, funded through another grant, into the existing CSI projects' design plans, in order to consolidate efforts and save County resources with the following milestone conditions:

1. The County must provide evidence acceptable to Authority staff demonstrating (a) start of construction by July 31, 2022, and (b) the project shall be operational on or before March 31, 2023.
 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, 2023.
 3. The County must submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than July 31, 2023.
- 4. Third Amendment Resolution No. CSI 2019-04 and Second Amendment Resolution No. CSI 2020-07 - Amend Milestone Condition Deadlines and Extend the Grant Period and Resolution Expiration Dates**

Approved: February 23, 2023

The Authority approved an amendment to Resolution No. CSI 2019-04 and Resolution No. CSI 2020-07 amending the milestone condition deadlines and extending the grant period and resolution expiration dates to June 30, 2024 allowing the County to repair the storm damages, install the modulars facilities, and obtain licensing and Medi-Cal certification with the following milestone conditions:

1. The County shall provide evidence acceptable to Authority staff demonstrating that the project shall be open and operational on or before October 31, 2023, and funds shall not be disbursed if the County is unable to provide evidence acceptable to the Authority.
 2. The County shall submit all capital cost disbursement requests, including required supporting documentation, to the Authority no later than January 31, 2024.
- 5. 60- Day delegation Request- Extend Open and Operational Milestone Condition Deadline**

Approved: October 31, 2023

The Authority received a request from the County dated October 4, 2023 to extend its open and operational milestone condition deadline from October 31, 2023 to December 30, 2023, a 60 day-extension.

RESOLUTION NO. CSI 2019-04B
RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING A
CURE PERIOD FOR THE COUNTY OF SAN JOAQUIN
EVENT OF DEFAULT

WHEREAS, on July 25, 2019, the California Health Facilities Financing Authority (“Authority”) approved Resolution No. CSI 2019-04 that awarded to County of San Joaquin, (“Grantee”) a grant in an amount not to exceed \$2,500,000 for the eligible project under the Community Services Infrastructure (CSI) Grant Program;

WHEREAS, on August 27, 2020, the Authority approved an amendment to align the open and operational and submission of disbursement documentation milestone condition deadlines with the those of the second CSI project approved on March 26, 2020 under Resolution No. CSI 2020-07;

WHEREAS, on April 28, 2022, the Authority approved a second amendment to amend the open and operational and submission of disbursement documentation milestone conditions and extend the grant period and resolution expiration dates from June 30, 2022 to October 31, 2023;

WHEREAS, on February 23, 2023, the Authority approved a third amendment to amend the open and operational and submission of disbursement documentation milestone conditions and extend the grant period and resolution expiration dates from October 31, 2023 to June 30, 2024;

WHEREAS, the Executive Director approved a 60-day delegation to extend the deadline of open and operational date from October 31, 2023 to December 30, 2023; and

WHEREAS, Grantee did not meet the milestone condition of being open and operational deadline by the December 30, 2023 deadline.

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, 2024 to cure an event of default. If Grantee is unable to meet the open and operational 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 May 31, 2024.

Date Approved: _____

RESOLUTION NO. CSI 2020-07B
RESOLUTION OF THE CALIFORNIA HEALTH
FACILITIES FINANCING AUTHORITY APPROVING A
CURE PERIOD FOR THE COUNTY OF SAN JOAQUIN
EVENT OF DEFAULT

WHEREAS, on March 26, 2020, the California Health Facilities Financing Authority (“Authority”) approved Resolution No. CSI 2020-07 that awarded to County of San Joaquin, (“Grantee”) a grant in an amount not to exceed \$2,930,186.00 for the eligible project under the Community Services Infrastructure Grant Program;

WHEREAS, on April 28, 2022, the Authority approved an amendment to amend the open and operational and submission of disbursement documentation milestone conditions and extend the grant period and resolution expiration dates from June 30, 2022 to October 31, 2023;

WHEREAS, on February 23, 2023, the Authority approved a second amendment to amend the open and operational and submission of disbursement documentation milestone conditions and extend the grant period and resolution expiration dates from October 31, 2023 to June 30, 2024;

WHEREAS, the Executive Director approved a 60-day delegation to extend the deadline of open and operational date from October 31, 2023 to December 30, 2023; and

WHEREAS, Grantee did not meet the milestone condition of being open and operational by the December 30, 2023 deadline.

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, 2024 to cure an event of default. If Grantee is unable to meet the open and operational 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 May 31, 2024.

Date Approved: _____