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EXEMPT FROM FILING FEES PURSUANT  
TO GOVERNMENT CODE SECTION 6103

DEEMED VERIFIED PURSUANT TO CODE  
OF CIVIL PROCEDURE SECTION 446

**SUPERIOR COURT OF THE STATE OF CALIFORNIA**

**COUNTY OF PLACER**

CITY OF LINCOLN, a California municipal  
corporation, CITY OF LINCOLN, by and for  
the People of the State of California

Plaintiff/Petitioner,

v.

THE GATHERING INN, a California public  
benefit non-profit corporation; CALIFORNIA  
DEPARTMENT OF SOCIAL SERVICES, a  
California state agency, HORNE LLP, a  
Delaware limited liability partnership, and  
DOES 1 through 15 inclusive,

Defendants/Respondents.

**Case No. S-CV-0053711**  
**Related with Case No. S-CV-0053727**

**SECOND AMENDED  
COMPLAINT/PETITION FOR**

**(1) PRELIMINARY AND PERMANENT  
INJUNCTION (PUBLIC NUISANCE)**  
[Civ. Code §§ 3479, 3480; Code Civ. Proc.  
§§ 526, 731];

**(2) PRELIMINARY AND PERMANENT  
INJUNCTION AND PENALTIES FOR  
UNFAIR BUSINESS PRACTICES IN  
THE NAME OF AND FOR THE  
PEOPLE OF THE STATE OF  
CALIFORNIA; [Bus. Prof. Code § 17200  
et. seq.];**

**(3) WRIT OF MANDATE [Code Civ.  
Proc. § 1085];**

**(4) DECLARATORY RELIEF [Code  
Civ. Proc. § 1060];**

**(5) DECEIT (CONCEALMENT); and**

**(6) DECEIT (FRAUD AND  
CONCEALMENT) [Tort of Another  
Doctrine]**

**PART 1 OF 1**

## PARTIES

1. Plaintiff/Petitioner City of Lincoln (“Plaintiff,” “Petitioner,” or “City”) is a municipal corporation, organized and existing under the laws of the State of California, and is located within the County of Placer. The City is a general law city. It brings this action not only on its own behalf, but also, as is alleged herein, for the second cause of action, the City brings this action for a public injunction by and for the People of the State of California, including in particular on behalf of the people of Lincoln. The City Attorney, who serves as the full-time City Prosecutor, has standing to seek a public injunction in this action pursuant to Business and Professions Code Sections 17203 and 17204.

2. Plaintiff is informed and believes, and based thereon alleges, that Defendant The Gathering Inn (“TGI”) is a California public-benefit non-profit corporation in good standing, which is operating and otherwise doing business within the boundaries of the County of Placer, and which is located in Rocklin, California.

3. Plaintiff/Petitioner is informed and believes, and based thereon alleges, that Respondent California Department of Social Services (“CDSS”) is a California state agency, and that CDSS operates the Community Care Expansion Program (“CCE Program”), which provides funds for the acquisition, construction and/or rehabilitation of adult and senior care facilities that serve applicants and recipients of Supplemental Security Income/State Supplementary Payment (“SSI/SSP”), or Cash Assistance Program for Immigrants (“CAPI”) who are at risk of or are experiencing homelessness.

4. Plaintiff is informed and believes, and based thereon alleges, that Defendant Horne, LLP (“Horne”) is a Delaware limited liability partnership, with its principal place of business in Ridgeland, Mississippi. Plaintiff is further informed and believes, and based thereon alleges, that Horne is operating and otherwise doing business in California, and that Horne is the current contract third-party administrator for CDSS to provides consultation, technical assistance, general training and support for individual CCE Program projects.

5. Plaintiff is informed and believes, and based thereon alleges, that Horne is the successor third-party administrator for CDSS for the CCE Program, and that Horne became the

1 third-party administrator on or about May 30, 2023. Plaintiff is further informed and believes,  
2 and based thereon alleges, that before CDSS retained Horne to be the third-party administrator for  
3 the CCE Program, CDSS had retained an entity called Advocates for Human Potential, Inc.  
4 (“AHP”). Plaintiff is further informed and believes, and based thereon alleges, that AHP  
5 functioned as CDSS’s third-party administrator from the inception of the CCE Program, until  
6 Horne took over on or about May 30, 2023.

7 6. Pursuant to a stipulation of the parties, the City had dismissed Horne without  
8 prejudice, given assurances from CDSS and Horne that (i) CDSS can afford all requested relief  
9 without Horne’s participation in this action, and (ii) Horne would produce its entire project file  
10 and make available its person most qualified for deposition. However, since that stipulation was  
11 filed and Horne dismissed without prejudice, the City has been unable to obtain discovery from  
12 CDSS, and City is now informed and believes, and based thereon alleges, that it cannot obtain all  
13 needed information in this case without Horne, nor can the City obtain the relief it seeks in this  
14 action without Horne. As such, the City re-alleges its claims against Horne as a respondent  
15 herein, and based on information and belief, the City alleges that it cannot obtain all relief sought  
16 by this action without Horne’s direct involvement, and that Horne is a necessary party.

17 7. Plaintiff is unaware of the true names and capacities of Defendants/Respondents  
18 sued herein as under fictitious names as DOES 1 through 15, inclusive, and Plaintiff will amend  
19 this Second Amended Complaint to allege their true names and capacities when ascertained. The  
20 City is informed and believes, and based thereon alleges, that each of the Defendants/  
21 Respondents named herein as DOES 1 through 15, inclusive, is legally responsible in some  
22 manner for the actions challenged and/or injury caused herein, and therefore should be bound by  
23 the relief sought herein.

## 24 GENERAL ALLEGATIONS

### 25 The City of Lincoln

26 8. The City has current population of approximately 52,000 residents, and it is  
27 approximately 20 square miles in size. It is a relatively small city, as compared to major  
28 metropolitan cities of California like Los Angeles and San Francisco. The City’s general fund

1 budget is approximately \$55 million per year. The general fund covers essential city services  
2 like, police, fire protection, economic development, planning and building inspections. In  
3 contrast, the City of Los Angeles' general fund budget is approximately \$7.9 billion per year, and  
4 its population is estimated to be approximately 3.8 million. For further context, the population of  
5 the City of Sacramento is estimated at approximately 527,000, and its general fund budget is  
6 approximately \$1.7 billion. Also for further context, the largest city in Placer County is the City  
7 of Roseville, which has an estimated population of approximately 126,000, and a general fund  
8 budget of approximately \$236 million.

9 9. The City has its own police department, which currently employs 28 sworn  
10 officers and 9 dispatchers. The City has its own fire department, which currently employs  
11 approximately 31 full-time firefighter employees, but there are no paramedics on its full time  
12 staff, and it does not have an ambulance equipped with advanced life support capabilities. Also,  
13 there is no hospital with an emergency department in the City. The nearest emergency  
14 department is in Roseville, which is about 11 miles away.

15 10. Like all cities in California, the City has adopted a General Plan, which serves as a  
16 long-term blueprint for development within the City. The General Plan, which is adopted by the  
17 City Council at a duly noticed meeting, is a critical policy document that reflects the City's values  
18 and aspirations in multiple areas. The City's General Plan includes a Housing Element, which  
19 under California law is a required component of any General Plan. The Housing Element is a  
20 policy document that analyzes a municipality's housing stock and housing needs, both current  
21 and in the future, and it sets forth programs and potential sites to meet those needs. The Housing  
22 Element essentially acts as a municipality's blueprint for how to meet its housing needs, both  
23 current and into the future.

24 11. Under California law, all housing elements, including the City's, must identify  
25 policies and programs to provide housing options, including affordable housing, for persons with  
26 special needs, which include, e.g., persons with disabilities, and seniors. By state law, the City's  
27 Housing Element, like all housing elements of local governments in California, must be certified  
28



1 by the California Department of Housing and Community Development (“California HCD”) for  
2 compliance with state law.

3 12. The City’s Housing Element was last updated in May 2021. This updated Housing  
4 Element was delivered to California HCD consistent with state law requirements, and has been  
5 certified by California HCD. This updated Housing Element sets forth the City’s housing policies  
6 and programs for the period 2021 through 2029. This updated Housing Element was the result of  
7 exhaustive efforts by City leadership and staff, and multiple public workshops and meetings were  
8 conducted at the Planning Commission and City Council level. At great expense, the City  
9 retained a consultant to assist with the Housing Element update, and City staff worked countless  
10 hours on making sure that every aspect of the update complied with state law, and that City’s  
11 housing needs, and the plan to meet those needs, were addressed.

12 13. On May 11, 2021, the City Council voted to approve the updated Housing Element  
13 at a duly noticed public meeting, and the Housing Element update was thereafter conveyed to  
14 California HCD. California HCD subsequently certified the Housing Element update as being  
15 consistent with state law requirements. For each year thereafter and to the present, the City has  
16 conveyed to California HCD a report demonstrating that it remains in compliance with its  
17 Housing Element update, and state law in general, and each year California HCD has indicated  
18 that the City remains in compliance.

19 14. The City’s Housing Element update includes a thorough analysis of the City’s  
20 housing needs, and availability for affordable housing during this time period. As the City  
21 confirmed during its analysis in preparing the Housing Element update, there is a large senior  
22 population within the City, with approximately 37% of the City’s population being age 55 and  
23 over. This means that there is a critical need for specifically designated full-time senior  
24 residential housing within the City, including full-time affordable senior residential housing units,  
25 in order to meet the needs of the City’s aging population. The City noted this issue to California  
26 HCD, and indicated in its Housing Element update that there is sufficient stock of affordable full-  
27 time senior residential housing, and that the City is planning for ways to increase this housing  
28 stock in order to accommodate its substantial aging population.

## Homelessness Counts Within the City, And County-wide

15. The City takes the issue of homelessness seriously. Over the last few years, it has devoted substantial resources to addressing homelessness within its boundaries. While homelessness is not a prevalent problem within the City that is on par with the need to provide more housing stock for seniors into the future, homelessness is a broad statewide problem, and the City recognizes the need to do its fair share to address this statewide problem.

16. In 2023, the City launched a pilot program to thoughtfully work with individuals struggling with homelessness within the Lincoln community, to find solutions addressing their specific needs. The City partnered with the County of Placer, local volunteers, non-profits and churches to provide wraparound services to those experiencing homelessness within the City, and to assist these individuals in finding transitional and, in many cases, more permanent housing.

17. This pilot program has been successful. Thanks to the City's efforts in addressing this issue, the population of persons experiencing homelessness within the City has diminished, and the Auburn Ravine Creek, where many homeless persons in the City had been residing, was largely returned to its natural setting with the removal of large tent encampments. Moreover, for those individuals experiencing homelessness, the City has had good success in helping some of these individuals find permanent housing solutions. This pilot program is now permanent and has been named Housing Opportunities Made in Lincoln. Through this program, the City is now working with non-profits and local churches on a permanent basis to find housing opportunities, and provide services to persons experiencing homelessness in the City.

18. Local governments throughout the United States participate in the Point-in-Time ("PIT") count program, which is mandated by the U.S. Department of Housing and Urban Development. The PIT measures the number of persons experiencing homelessness (both within shelters and unsheltered) on a single night, which is usually done in January of each year. The purpose of the PIT is to provide a snapshot of homelessness in order to help communities and governments at all levels understand the scope of the issue, and to better address the problem of homelessness. The City's current PIT count is 32, all being reported as unsheltered. This is down from 47 two years ago, which shows the City's recent success in finding permanent

1 housing solutions for some of its homeless population through its pilot, and now permanent  
2 program. In contrast, the City of Roseville’s current PIT count is 260, with 190 of those being  
3 unsheltered, and 70 reported as sheltered.

4 19. The most recent 2025 PIT for the County of Placer as a whole was reported at 711  
5 individuals experiencing homelessness, with 418 of those individuals being unsheltered. The PIT  
6 count for the County of Placer has been gradually declining over the last several years, and the  
7 City is informed and believes, and based thereon alleges, that Placer County has one of the  
8 lowest, if not the lowest rate of persons experiencing homelessness of any county in Northern  
9 California. Dr. Robert Oldham, the County of Placer’s Director of Health and Human Services  
10 (“HHS”), was quoted in a 2024 news article as saying that Placer County “has the lowest rate of  
11 homelessness in Northern California.” (See [https://goldcountrymedia.com/news/299477/annual-  
12 point-in-time-count-shows-sli/](https://goldcountrymedia.com/news/299477/annual-point-in-time-count-shows-sli/).)

13 20. To put the County of Placer’s PIT count numbers in perspective, the County of  
14 Sacramento’s PIT count for 2024 was reported to be 6,615 persons experiencing homelessness,  
15 with 3,944 being unsheltered. (See [https://hopecoop.org/wp-content/uploads/2024/06/PIT-Count-  
16 Infographic-2024.pdf](https://hopecoop.org/wp-content/uploads/2024/06/PIT-Count-Infographic-2024.pdf).) In other words, Sacramento County’s PIT count appears to be almost 10  
17 times greater than Placer County’s PIT count, while Sacramento County’s current population  
18 (estimated at about 1.6 million) is only 3.5 times greater than Placer County’s current population  
19 (estimated at about 434,000.)

### 20 **The Origins and Requirements of the CCE Program**

21 21. In 2021, California Assembly Bill 172 (“AB 172”) was enacted into law, which  
22 added sections 18999.97-18999.98 to the Welfare and Institutions Code. AB 172 provides the  
23 statutory basis for the CCE Program. Pursuant to this law, the state appropriated \$805 million for  
24 CCE Capital Expansion projects, and an additional \$55 million for funding operating subsidies  
25 for existing licensed facilities. This \$860 million in total is designed to provide funding for the  
26 acquisition, construction, and rehabilitation of residential care settings. Additionally, the CCE  
27 Program also provides funding for CCE Preservation projects, wherein approximately \$249  
28 million has been made available through noncompetitive allocations to counties for the

1 preservation of existing licensed residential and senior care facilities serving applicants and  
2 recipients of SSI/SSP or CAPI, including those who are experiencing or are at risk of  
3 homelessness.

4 22. AB 172 authorizes CDSS to enter into contracts with third-party administrators for  
5 contract services. Plaintiff is informed and believes, and based thereon alleges, that Horne is such  
6 a third-party administrator of CDSS for the CCE Program, and that prior to hiring Horne, CDSS  
7 had retained AHP as the third-party administrator. Plaintiff is informed and believes, and based  
8 thereon alleges, that as the authorized third-party administrator, AHP, and then later Horne, acted  
9 in a capacity as agent for CDSS, and that at all times when AHP (and later Horne) was the third-  
10 party administrator for the CCE Program, it acted for and on behalf of CDSS, and it also spoke  
11 for and on behalf of CDSS, such that any requirement imposed by AHP (and later Horne) upon  
12 program applicants and participants was, a requirement imposed by CDSS itself.

13 23. Plaintiff is further informed and believes, and based thereon alleges, that at  
14 present, approximately \$570 million in CCE Program funding has been awarded for CCE Capital  
15 Expansion projects, which is all that has been currently made available from what was initially  
16 appropriated by the Legislature, and that a total of 61 projects have been funded statewide.

17 24. In drafting AB 172, the Legislature conferred on CDSS broad quasi-legislative  
18 rule-making authority, whereby CDSS has been authorized by the Legislature to implement and  
19 administer the CCE Program through what are known as “All-County Letters,” which are  
20 communications from CDSS to county social service departments that provide information on  
21 program implementation, or, as AB 172 provides, through any other “similar instruction,” which  
22 the Legislature declared to have “the same force and effect as regulation.” (See Welf. & Inst.  
23 Code § 18999.97, subd. (k).)

24 25. According to CDSS, “All-County Letters” are official directives that CDSS gives  
25 to county social service departments that operate and administer CDSS programs at the local  
26 level. The purpose of “All-County Letters” is to ensure the consistent implementation of CDSS  
27 policies and procedures by all program participants throughout California. These letters are sent  
28

1 to county social service departments because these are the local entities that typically operate,  
2 administer and promote CDSS programs at the local level.

3 26. However, county social service departments are not the only entities that operate,  
4 administer and promote CDSS programs at the local level, and “All-County Letters” are not the  
5 only means by which CDSS provides official directives to local entities that operate, administer  
6 or promote CDSS programs at the local level. For example, CDSS also sends out “All Tribal  
7 Leaders Letters,” which are directed to tribal leaders who operate, administer and promote CDSS  
8 programs that are designed to benefit tribal entities. As another example, CDSS sends out “Child  
9 Care Bulletins,” which are directed to counties and private childcare development contractors  
10 who operate, administer and promote CDSS programs that provide for state-funded childcare.

11 27. Critical to this case, as a third example, CDSS also sends out “All County Welfare  
12 Directors Letters” (or “ACWDLs”), which are directed to county welfare departments. ACWDLs  
13 are intended to provide updates to local county welfare departments regarding new or changed  
14 policies and procedures related to CDSS’s public assistance programs, and to inform county  
15 welfare directors of new CDSS program funding opportunities, and the requirements for  
16 obtaining such funding, so that information regarding new funding opportunities can be made  
17 available and disseminated to stakeholders and potential applicants at the local level.

18 28. The CDSS website contains a page devoted to “Letters and Notices,” wherein  
19 CDSS posts links to its “All County Letters,” “All Tribal Leaders Letters,” “Child Care  
20 Bulletins,” and “ACWDLs,” as well as all of its other letters, notices and correspondences that  
21 CDSS provides to its local program operators and administrators to inform them of policy  
22 directives. The CDSS webpage for these “Letters and Notices” can be found at:  
23 <https://www.cdss.ca.gov/inforesources/letters-and-notices>. By reference, the City incorporates  
24 this “Letters and Notices” webpage herein. A true and correct copy of a screenshot of this  
25 “Letters and Notices” webpage is attached hereto as Exhibit “A.”

26 29. The City is informed and believes, and based thereon alleges, that when the  
27 Legislature adopted AB 172 and conferred on CDSS the power to implement the CCE Program  
28 through “All County Letters” or “other similar instruction,” which “shall have the same force and

1 effect as regulations,” the Legislature intended that any and all such “Letters and Notices” that  
2 CDSS sends out and posts on its webpage to communicate police directives, including  
3 “ACWDLs,” that relate to the CCE Program, would constitute and have the effect of CDSS  
4 regulation for the CCE Program.

5 30. In drafting AB 172, the Legislature certainly did not intend that there would be no  
6 criteria for obtaining CCE Program funds. Rather the Legislature expressly required that CDSS  
7 develop criteria for the program, including a methodology for distribution of funds awarded to  
8 “qualified grantees.” The Legislature expressly intended there to be specific criteria that an  
9 applicant would have to meet to qualify for funds, and it also expressed a desire that CDSS  
10 consider a counties’ PIT counts, among other factors, in deciding where facilities should be  
11 located. (See Welf. & Inst. Code § 18999.97, subd. (d).)

12 31. The Legislature also exempted projects using CCE Program funds from local land  
13 use authority. (Welf. & Inst. Code § 18999.97, subd. (l).) However, as is discussed herein, the  
14 Legislature and CDSS envisioned that project applicants for CCE Program funds would have to  
15 include local governments in the planning of proposed projects, and thus while local governments  
16 could not necessarily stop a proposed project solely through the exercise of land use authority, the  
17 local governments were intended to be given a voice in where projects were to be located, so that  
18 local community needs and constraints were considered as a part of every proposed project.

19 32. Plaintiff is informed and believes, and based thereon alleges, that in or about late  
20 2021 and early 2022, CDSS worked in tandem with California Department of Health Care  
21 Services (“DHCS”), which had received authorization from the Legislature to establish and  
22 operate a program called the Behavioral Health Continuum Infrastructure Program (“BHCIP”) to  
23 fulfill this legislative mandate. BHCIP and the CCE Program are two new programs created by  
24 the Legislature that are designed to provide infrastructure funding to address homelessness and  
25 healthcare delivery reform.

26 33. Plaintiff is informed and believes, and based thereon alleges, that CDSS and  
27 DHCS worked together to design and implement a Joint Request for Applications (“Joint RFA”),  
28 which these state agencies intended would set forth the published criteria for applicants who

1 wished to receive state funds for the BHCIP and/or CCE Program, consistent with Legislature's  
2 command in Welfare and Institutions Code Section 18999.97(d). For the CCE Program, the Joint  
3 RFA was intended for applications for CCE Capital Expansion projects, but not for CCE  
4 Preservation projects. CDSS intended that applicants for CCE Preservation projects would be  
5 subject to a different application process, which it subsequently developed.

6 34. Plaintiff is informed and believes, and based thereon alleges, that in drafting the  
7 RFA, CDSS and DHCS started with existing application documents for a project known as  
8 "Project Homekey," which is an ongoing program of the California HCD. Project Homekey is a  
9 program that was born out of the COVID-19 pandemic, and is a statewide effort to sustain and  
10 expand housing for persons experiencing homelessness, or at risk of experiencing homelessness.  
11 Under Project Homekey, local governments and tribal entities were eligible to apply for grants to  
12 acquire and rehabilitate facilities to expand housing opportunities to persons experiencing  
13 homelessness, or at risk of experiencing homelessness. Project Homekey is funded by a  
14 combination of State of California general fund money and money from the Coronavirus State  
15 Fiscal Recovery Fund, which was established by the federal American Rescue Plan Act of 2021.

16 35. Plaintiff is informed and believes, and based thereon alleges, that one requirement  
17 applicants needed to demonstrate for Project Homekey funding was that there had been an effort  
18 at "siting" the proposed facility. "Siting" is a planning term of art that involves balancing the  
19 needs of the unhoused with local community concerns and local regulation, which necessarily  
20 includes community engagement, i.e., reaching out to the local community and attempting to  
21 obtain as broad of public support as possible. To that end, for Project Homekey, California HCD  
22 had a published application scoring criteria for an applicant's community engagement, where an  
23 applicant had to show that it had informed local stakeholders, and solicited their input.

24 36. Plaintiff is informed and believes, and based thereon alleges, that CDSS and  
25 DHCS prepared the Joint RFA with the mindset that "siting" would also to be an important part  
26 of the application for funding under either the CCE Program or BHCIP. To that end, the CDSS  
27 and DHCS team prepared a program update on December 20, 2021, in which they stressed that  
28 the third-party administrator (at the time it was AHP) would be available to provide applicants

1 with technical assistance in “facility siting,” i.e., engaging the local community and obtaining  
2 community support. During follow up meetings that occurred on or about December 21, 2021  
3 and January 6, 2022, CDSS and DHCS discussed preparing a communications plan for engaging  
4 city and county planners, after they received advice regarding the siting exceptions in the  
5 legislation.

6 37. Plaintiff is informed and believes, and based thereon alleges that CDSS and DHCS  
7 officials who drafted the Joint RFA wanted the application to include a community engagement  
8 requirement for an award of program funding, even though AB 172 provided for a legislative  
9 exemption from local land use authority for CCE projects. Plaintiff is informed and believes, and  
10 thereon alleges, that these state agencies had decided to adopt the Project Homekey model, and  
11 they wanted local governments and communities to participate, and to have a voice in how CCE  
12 Program and BHCIP projects would be developed, and where they would be developed. These  
13 agencies wanted applicants to engage the local communities, including local civic leaders, and  
14 involve them in project planning, and they made this a requirement of both programs.

15 38. Plaintiff is informed and believes, and based thereon alleges, that CDSS and  
16 DHCS specifically intended that applicants for these programs, including the CCE program, be  
17 required to reach out to and engage the local community, including civic leaders, and to involve  
18 them in the planning of the project, as a condition for an award. This was not an after-thought to  
19 the Joint RFA, nor was it boilerplate that could be ignored or overlooked. Prior to finalizing the  
20 Joint RFA, CDSS and DHCS officials, and AHP, exchanged multiple drafts in which they edited  
21 the language that would be used for communicating to applicants the importance of community  
22 engagement as an eligibility requirement for these programs. The multiple drafts of the Joint  
23 RFA evidence a deliberate and specific intent on the part of these agencies to require applicants to  
24 engage the local community as a condition for an award.

25 39. Plaintiff is informed and believes, and based thereon alleges, that CDSS and  
26 DHCS officials were also adamant that only “*qualified*” applicants receive grants, and that in  
27 order to be deemed “qualified,” an applicant had to submit all of the forms that were part of the  
28 application. On or about January 5, 2022, CDSS and DHCS published a BHCIP and CCE



1 Program Update (the “Update”), which has regulatory effect. The Update provides that  
2 applications will not be funded until applicants have completed all necessary steps in the pre-  
3 development phase to ensure their projects are “launch ready.” This included a showing of  
4 community engagement and support, including insights from the community. A true and correct  
5 copy of the Update is attached hereto as Exhibit “B,” and is incorporated by reference.

6 40. Plaintiff is informed and believes, and based thereon alleges, that the Joint RFA  
7 was finalized and made available to the public on or about January 31, 2022. Plaintiff is further  
8 informed and believes, and based thereon alleges, that in drafting and publishing the Joint RFA,  
9 CDSS and DHCS intended to impose requirements upon project applicants that would have the  
10 same force and effect as regulation, or at a minimum that would constitute program rules that all  
11 participants would have to follow in order to receive funds and move forward with projects. A  
12 true and correct copy of the Joint RFA (without attachments) is attached hereto as Exhibit “C,”  
13 and is incorporated by reference herein.

14 41. According to the Joint RFA, CCE Program applications were to be awarded on a  
15 rolling basis until grant funds were exhausted, and applicants had to meet minimum criteria in  
16 order to be eligible. All applicants that met the minimum criteria as set forth in the Joint RFA  
17 would be funded until all grant funds were committed. Plaintiff is informed and believes, and  
18 based thereon alleges, that CDSS’s and DHCS’s listing of minimum criteria in the Joint RFA was  
19 a regulation, or at least it was a rule that was established for these two programs, and that these  
20 agencies intended that these minimum criteria identified in the Joint RFA would serve to function  
21 as a floor for an applicant’s eligibility to participate in the respective programs. These agencies  
22 thus created a rule, which was published to the general public in the Joint RFA, that an applicant  
23 that did not meet the minimum criteria as set forth in the Joint RFA, including undertaking  
24 community engagement, would not be eligible to receive program funds, and could not be  
25 awarded program funds.

26 42. These CDSS and DHCS rules, which were published to the general public in the  
27 Joint RFA, expressly provide that absent a showing of active community engagement by the  
28 applicant, and a showing that the applicant has been able to obtain some level of community

1 support, an applicant would not be eligible to receive either BHCIP or CCE Program funds. (See  
2 Ex. “C,” § 3.4.) The Joint RFA includes, as an attachment, multiple forms that had to be filled  
3 out and returned as part of any application. Included within the forms is “Form 6,” which is  
4 entitled, “Community Engagement Tracking Form”.

5 43. In “Form 6,” which applicants were required to submit, each applicant was  
6 required to “[e]xplain how stakeholders (e.g., community-based organizations [CBOs], members  
7 of the target population, residents, civic leaders, and frontline staff) have been meaningfully  
8 involved in the visioning and development of this project.” A true and correct copy of a blank  
9 “Form 6,” the “Community Engagement Tracking Form,” is attached hereto as Exhibit “D,” and  
10 is incorporated by reference herein. “Form 6” functions as another rule of CDSS and DHCS,  
11 which was also published to the general public as part of the Joint RFA, and these agencies  
12 expressly provide that an application could not be considered complete unless all of the forms,  
13 including “Form 6,” were filled out and submitted by the applicant.

14 44. Plaintiff is informed and believes, and based thereon alleges, that in preparing  
15 “Form 6,” CDSS and DHCS started with the Project Homekey “Community Engagement Scoring  
16 Criteria” document, and used this document as the template for “Form 6.” A true and correct  
17 copy of the Project Homekey “Community Engagement Scoring Criteria” is attached hereto as  
18 Exhibit “E,” and is incorporated by reference herein, and it is located on the Project Homekey  
19 website. In comparing “Form 6” to the Project Homekey scoring criteria document, it is  
20 noteworthy that the definition of “stakeholders” in “Form 6” was copied directly from the Project  
21 Homekey scoring criteria document, with two critical additions. “Form 6” adds to the definition  
22 of “stakeholders” the following two groups: “residents” and “civic leaders”. In all other respects,  
23 the language in “Form 6” that sets forth what is required for community engagement is identical  
24 to the language in the Project Homekey “Community Engagement Scoring Criteria” form.

25 45. Plaintiff is informed and believes, and thereon alleges, that when the Project  
26 Homekey “Community Engagement Scoring Criteria” document was developed, California HCD  
27 was not concerned that local governments and community residents would be ignored by project  
28 applicants because, other than tribal entities, local governments were the only parties eligible to

1 apply for funding for this program, and these applicants were undoubtedly going to involve their  
2 civic leaders and residents in the planning process for any proposed project.

3 46. In contrast, the CCE Program and BHCIP were open not only to local  
4 governments (cities and counties), but also to private non-profit and for profit organizations.  
5 Plaintiff is informed and believes, and thereon alleges, that when CDSS and DHCS officials  
6 prepared the “Form 6” document to be included with the Joint RFA, they specifically and  
7 deliberately added “residents” and “civic leaders” to the list of “stakeholders” who the applicant  
8 were required to engage. They did so because CDSS and DHCS wanted to make sure that any  
9 private entity (for profit or nonprofit) that applied for project funds would have to engage the  
10 local residents and the local government leaders (e.g., the city council), and involve them in the  
11 project development.

12 47. In doing so, CDSS and DHCS specifically and deliberately conferred on local  
13 residents and local government leaders a beneficial interest in any CCE Capital Expansion project  
14 that was proposed for their community, and it imposed upon private applicants of CCE Capital  
15 Expansion or BHCIP funds a legal duty and obligation to engage the local residents and local  
16 government leaders in which the applicant sought to develop a project, and to meaningfully  
17 involve those persons in the planning process for the proposed project.

18 48. Plaintiff is informed and believes, and based thereon alleges, that on June 10,  
19 2022, CDSS published and disseminated an “All County Welfare Directors Letter” (“ACWDL”),  
20 and that it sent this letter to all county welfare directors across the state, and published the letter  
21 on its “Letters and Notices” webpage. This ACWDL was a notice of funding availability for the  
22 CCE Program. It provided information on the background of the program, the different aspects of  
23 the program, and the requirements to participate in the program. A true and correct copy of this  
24 June 10, 2022 ACWDL is attached hereto as Exhibit “F,” and is incorporated by reference herein.

25 49. The June 10, 2022 ACWDL discussed both the CCE Capital Expansion funds and  
26 the CCE Preservation funds, as well as the requirements for obtaining such funds. It informed the  
27 county welfare directors (and the community at large) of \$570 million that was available for CCE  
28 Capital Expansion projects, and it likewise informed these county welfare directors (and the

1 community at large) of \$195 million that was available for CCE Preservation projects. At that  
2 time, there were no published rules and procedures for the CCE Preservation projects, because the  
3 Joint RFA was only for applications for CCE Capital Expansion projects.

4 50. The City is informed and believes, and based thereon alleges, that CDSS sent out  
5 this ACWDL to accomplish two goals: (1) to inform county welfare directors, as well as all local  
6 stakeholders and potential participants, of the official program requirements for CCE Capital  
7 Expansion projects, which were set forth in the Joint RFA, and (2) to inform county welfare  
8 directors, as well as all local stakeholders and potential participants, of the official program  
9 requirements for CCE Preservation projects, which were more fully set forth in the ACWDL  
10 itself. Because the Joint RFA had already been prepared and published, CDSS simply linked the  
11 Joint RFA to the ACWDL and incorporated it by reference, such that any potential applicant  
12 reviewing the ACWDL could open the Joint RFA and see the program requirements (i.e., the  
13 regulations) for CCE Capital Expansion projects. (See Ex. “F,” p. 2.)

14 51. The City is informed and believes, and based thereon alleges, that the June 10,  
15 2022 ACWDL, including the Joint RFA which is attached, i.e., linked to the ACWDL, constitutes  
16 a “similar instruction” that has the “same force and effect as regulation,” as referenced in Welfare  
17 and Institutions Code Section 18999.97(k), and that therefore, the requirements for program  
18 eligibility within the Joint RFA, including community engagement and the submission of a  
19 complete “Form 6,” are regulations of CDSS. If CDSS had not intended that the Joint RFA be  
20 considered as having the same force and effect as regulation, it would have not attached and  
21 linked the Joint RFA to the June 10, 2022 ACWDL, which it then sent to all county welfare  
22 directors to inform them, as well as all relevant stakeholders and potential applicants, of this new  
23 funding opportunity, and as a policy directive, what CDSS considered to be the requirements to  
24 be eligible for the funding opportunity.

25 52. The City is informed and believes, and based thereon alleges, that the June 10,  
26 2022 ACWDL was linked to the CDSS webpage devoted to “Letters and Notices” as part of the  
27 “ACWDL” link. However, at present, when one clicks on the ACWDL link on the “Letters and  
28 Notices” page, and then clicks on the link for “ACWDLs” published in 2022, the June 10, 2022

1 ACWDL does not show up on the list of published ACWDLs. The City is informed and believes,  
2 and based thereon alleges, that the June 10, 2022 ACWDL has been removed from the CDSS  
3 “Letters and Notices” webpage, and it is currently not available directly on this page. A true and  
4 correct copy of a screenshot of all the ACWDLs from 2022 that are available for review is  
5 attached hereto as Exhibit “G.” Plaintiff is informed and believes, and based thereon alleges, that  
6 the June 10, 2022 ACWDL was on the list of 2022 ACWDLs, and that it is an official ACWDL,  
7 but for reasons unknown, the link to the June 10, 2022 ACWDL has been removed from the list.

8 53. However, the list of 2022 ACWDLs also contains a December 14, 2022 ACWDL  
9 regarding CCE Preservation funds, and when one clicks on that particular ACWDL, there is a  
10 reference therein to the June 10, 2022 ACWDL, and the June 10, 2022 ACWDL can then be  
11 accessed online through that December 14, 2022 ACWDL.

12 **TGI’s Application for the CCE Program for a Site in Roseville**

13 54. Plaintiff is informed and believes, and based thereon alleges, that TGI is a CCE  
14 Program participant for a Capital Expansion project, which it was awarded by CDSS through the  
15 submission of an application pursuant to the Joint RFA. Plaintiff is informed and believes, and  
16 based thereon alleges, that TGI was awarded CCE Program funds for a Capital Expansion project  
17 through a campaign of fraud and deceit on the public, which is discussed herein.

18 55. Plaintiff is informed and believes, and based thereon alleges, that TGI was formed  
19 in 2004, that it owns and operates shelters and other programs within Placer County (“County”)  
20 for persons who are experiencing homelessness, and that it provides a wide range of services to  
21 approximately 300 persons per day at its various facilities within the County.

22 56. The City is informed and believes, and based thereon alleges, that TGI has  
23 multiple facilities in Auburn, Roseville and other locations within the County, and that TGI  
24 provides services for persons experiencing homelessness throughout the County, including  
25 emergency shelter/housing, supportive services, and medical respite.

26 57. The City is informed and believes, and based thereon alleges, that TGI currently  
27 operates a 10-bed medical respite facility (defined below) in Auburn, among other TGI facilities  
28 that provide other types of services. The City is further informed and believes, and based thereon

1 alleges that TGI's medical respite facility in Auburn is the only medical respite facility in Placer  
2 County, and that this 10-bed medical respite facility currently services approximately 100 persons  
3 experiencing homelessness per year.

4 58. The City is informed and believes, and based thereon alleges, that TGI recently  
5 informed Horne that it turns away another 100 persons experiencing homelessness per year from  
6 its 10-bed facility in Auburn. In other words, according to TGI, there is currently demand for a  
7 20-bed medical respite facility to service individuals experiencing homelessness in all of Placer  
8 County, and yet TGI is now attempting to open a 105-bed medical respite facility in Lincoln.

9 59. Plaintiff is informed and believes, and based thereon alleges, that on or about  
10 July 11, 2022, which is a little more than one month after the June 10, 2022 ACWDL was  
11 published and disseminated, TGI submitted an application to become a CCE Program participant  
12 for a Capital Expansion project. A true and correct copy of this application (without  
13 attachments), is attached hereto as Exhibit "H," and is incorporated by reference herein.

14 60. The application was submitted through CDSS's online portal, and it was assigned  
15 an identification number as follows: CCE-1767623224. In this application, TGI informed CDSS  
16 of its proposal to open a 30-bed medical respite center in Roseville, California. TGI stated in the  
17 application that it is the only provider of medical respite to persons experiencing homelessness in  
18 the County of Placer, that it currently services 100 persons experiencing homelessness per year in  
19 its existing 10-bed facility in Auburn, and that it is forced to turn away 200 persons experiencing  
20 homelessness per year. (See Ex. "H," p. 10.) Thus TGI represented that the demand for medical  
21 respite services for persons experiencing homelessness in Placer County at the time called for a  
22 total of 30-beds, which could provide medical respite to 300 persons experiencing homelessness  
23 per year. This was the exact number of beds that TGI proposed to offer in its proposed 30-bed  
24 facility in Roseville.

25 61. Plaintiff is informed and believes, and based thereon alleges, that a medical respite  
26 center is a facility that provides medical care to people who were in the hospital, and at the time  
27 of discharge were experiencing homelessness but were too ill and/or frail to recover from their  
28 illness or injury on the street or in a shelter. As part of its application to open a medical respite

1 center in Roseville, TGI informed CDSS of its proposal to purchase vacant land at 300 Elefa  
2 Street in Roseville (the “Roseville Site”), and to construct from the ground up the housing and  
3 medical facility on that site. The Roseville Site was located approximately 800 feet from an  
4 elementary school. The Roseville Site was a vacant lot, and TGI’s proposal was to build a new  
5 medical respite facility from the ground up.

6 62. Plaintiff is informed and believes, and based thereon alleges, that when TGI  
7 applied to become a CCE Program participant, it knew that it was required to engage the local  
8 community, including civic leaders, where it was proposing to construct this new medical respite  
9 facility. Prior to submitting its application, TGI’s Chief Executive Officer, Keith Diederich,  
10 reached out to and participated in several community meetings with neighbors of the Roseville  
11 Site, and he met with the Roseville City Council and other community leaders, where he  
12 discussed all the details regarding TGI’s proposed project, and he likewise sought input from  
13 these community residents and leaders.

14 63. Mr. Diederich, and/or other TGI officers and staff, also took Roseville City  
15 Council members and staff on a tour of the TGI 10-bed medical respite facility in Auburn, which  
16 TGI did to educate the Roseville community and civic leaders on the concept of medical respite,  
17 and TGI’s view of the current demand within the County for a medical respite center to service  
18 persons experiencing homelessness. Mr. Diederich’s and TGI’s engagement with the Roseville  
19 community and civic leaders was extensive, and Plaintiff is informed and believes, and based  
20 thereon alleges, that he undertook such efforts on behalf of TGI because he knew that the Joint  
21 RFA provided that community engagement was a requirement for program eligibility.

22 64. Plaintiff is informed and believes, and based thereon alleges, that TGI also  
23 engaged regional hospitals in the area, as well as Placer County HHS, and sought support from  
24 these entities as well. TGI did so because the Joint RFA (and in particular “Form 6”) provided  
25 that an applicant must engage “community-based organizations, members of the target population  
26 and frontline staff,” as well as local “residents” *“and”* “civic leaders” in order to be eligible. (See  
27 Ex. “D,” [definition of “stakeholders” includes the word “and,” indicating that all exemplified  
28 stakeholders must be engaged].) Thus TGI engaged in a multi-front campaign to engage *all*

1 “stakeholders,” not just some select “stakeholders,” for the Roseville project, so that it could try  
2 to win local support and meet the program eligibility requirements of the Joint RFA.

3 65. Plaintiff is informed and believes, and based thereon alleges, that as part of the  
4 application process for CCE Program funding for a Capital Expansion facility at the Roseville  
5 Site, TGI obtained letters of support from Sutter Health, Anthem Blue Cross, and California  
6 Health & Wellness. Plaintiff is further informed and believes, and based thereon alleges, that  
7 TGI submitted these letters of support as part of its application, and that the “Form 6” that TGI  
8 submitted with its application informed CDSS that it had obtained verbal support from the  
9 Roseville City Council, as well as the Placer County Health and Human Services (“HHS”). TGI  
10 further informed CDSS that the Roseville City Council was going to meet on July 20, 2022 to  
11 officially vote on support for the project at the Roseville Site, and that once the City Council  
12 voted to approve to the project, Placer County HHS and Kaiser Health would also provide letters  
13 of support. A true and correct copy of the “Form 6” that TGI submitted with its application is  
14 attached hereto as Exhibit “I.” A true and correct copy of the letters of support for the Roseville  
15 project that TGI received from regional hospitals, which TGI submitted with its “Form 6,” are  
16 collectively attached hereto as Exhibit “J.” These documents are incorporated by reference  
17 herein.

18 66. Plaintiff is informed and believes, and based thereon alleges, that TGI knew that it  
19 was required to engage local residents and civic leaders, and seek support from these local  
20 residents and civil leaders, which is why TGI took great effort to engage the Roseville  
21 community, the Roseville City Council and other city leaders, and to seek their support for the  
22 proposed project at the Roseville Site. The letters of support that TGI obtained from the regional  
23 hospitals all expressed support for the proposed medical respite project in Roseville. There was  
24 no mention of a project in Lincoln, because that was not where the project was planned.

25 67. Plaintiff is informed and believes, and based thereon alleges, that at the July 20,  
26 2022 Roseville City Council meeting, the matter of support for TGI’s plan was discussed in open  
27 session, and that during this meeting, several community members voiced concern over opening a  
28 medical respite center at the Roseville Site. Following public discussion, the matter was



1 continued to a future meeting. Plaintiff is further informed and believes, and based thereon  
2 alleges, that the matter was re-calendared for September 7, 2022, and at this meeting, additional  
3 community members expressed concern for the project, and that following the discussion the item  
4 died for lack of a motion.

5 68. Plaintiff is informed and believes, and based thereon alleges, that the Roseville  
6 City Council never provided TGI with a letter of support. However, Plaintiff is informed and  
7 believes, and based thereon alleges, that TGI did not inform CDSS or AHP of its failure to obtain  
8 support from the Roseville City Council, choosing instead to remain silent on its failure to obtain  
9 support from Roseville, even though TGI's "Form 6" specifically stated that a letter of support  
10 from the Roseville City Council, and from Placer County HHS, was going to be provided  
11 following the July 20<sup>th</sup> meeting.

12 **TGI Decides to Change Course and Propose a Site in Lincoln for its Application**

13 69. Plaintiff is informed and believes, and based thereon alleges, that after the  
14 Roseville City Council pulled its support, TGI decided that it would explore an alternate location  
15 for its medical respite facility. TGI's application for the CCE Capital Expansion project in  
16 Roseville was still viable. However, following the decision of the Roseville City Council, TGI  
17 decided that it would look at other options.

18 70. Plaintiff is informed and believes, and based thereon alleges, that on or about  
19 September 22, 2022, CDSS sent a letter to TGI, informing TGI that its application for CCE  
20 Program funds required clarification regarding the long-term operational sustainability of the  
21 proposed medical respite facility. In this letter, CDSS informed TGI that it needed to provide  
22 further information to AHP by October 6, 2022, but that further extensions could be afforded. A  
23 true and correct copy of this letter is attached hereto as Exhibit "K," and is incorporated by  
24 reference herein. TGI's application for CCE Program funds for the Roseville Site was still viable  
25 as of late September 2022, and Plaintiff is informed and believes, and based thereon alleges, that  
26 CDSS and AHP were unaware of what had occurred at the Roseville City Council meeting as of  
27 that date because TGI had not informed them.  
28

1           71. Plaintiff is informed and believes, and based thereon alleges, that after receipt of  
2 this letter from CDSS in September 2022, TGI continued to remain silent about the fact that the  
3 Roseville City Council had not given its support, and that TGI did what was needed to keep its  
4 application for CCE Program funds alive, while at the same time still looking for a new facility  
5 location within Placer County that it could substitute for the Roseville Site. Plaintiff is informed  
6 and believes, and based thereon alleges, that in this September 2022 timeframe, TGI was looking  
7 at alternate sites in Rocklin and a different site in Roseville for its medical respite facility, but that  
8 it ultimately did not pursue these sites.

9           72. Plaintiff is informed and believes, and based thereon alleges, that in or around late  
10 2022, Mr. Diederich reached out to one of his dear, close personal friends, who was the CEO of a  
11 company called Western Care Construction (“Western Care”). At the time, Western Care owned  
12 the property at 1660 Third Street in Lincoln (the “Lincoln Site”), which is improved with a two-  
13 story, 50 room building, and which can house in excess of 100 people; far more than the 30-bed  
14 proposed facility in Roseville. At the time, the Lincoln Site was being used as a senior living  
15 facility known as Gladding Ridge.

16           73. Plaintiff is informed and believes, and based thereon alleges, that the building on  
17 the Lincoln Site is old, outdated and run down, and there is significant deferred maintenance, and  
18 costly upgrades to the infrastructure are needed to bring the building to current code standards.  
19 Thus, Plaintiff is informed and believes, and based thereon alleges, that as of late 2022, Gladding  
20 Ridge was struggling as a viable senior living facility; it was losing money, and its owners were  
21 contemplating selling the facility because the upgrades to the infrastructure were too costly to  
22 make Gladding Ridge a viable and profitable enterprise.

23           74. Plaintiff is informed and believes, and based thereon alleges, that Mr. Diederich  
24 had previously toured the building at the Lincoln Site back in early 2022, and when TGI first  
25 applied to participate in the CCE Program, TGI was aware that the Lincoln Site could house in  
26 excess of 100 persons. As such, the Lincoln Site was initially a more preferable location for the  
27 medical respite facility than the Roseville Site. However, when TGI first applied for CCE  
28

1 Program funds, it approached Western Care about acquiring the Lincoln Site, but Western Care  
2 did not want to sell the Lincoln Site, so TGI moved forward with the Roseville Site.

3 75. Plaintiff is informed and believes, and based thereon alleges, that in late 2022,  
4 sometime after the Roseville City Council meeting, Mr. Diederich reached back out to his close  
5 personal friend, the CEO of Western Care, and once again inquired about buying the Lincoln Site.  
6 Plaintiff is informed and believes, and based thereon alleges, that this time, given the problems  
7 Gladding Ridge was facing in terms of costs, deferred maintenance, infrastructure challenges, and  
8 overall loss of profitability of Gladding Ridge, Western Care was more receptive to the idea of  
9 selling the Lincoln Site.

10 76. On November 10, 2022, Mr. Diederich and his friend at Western Care exchanged  
11 emails for the purpose of setting up a meeting to discuss the sale of the Lincoln Site. Plaintiff is  
12 informed and believes, and based thereon alleges, that TGI and Western Care then held meetings,  
13 and had communications in December 2022 and early 2023 to discuss deal points for a sale of the  
14 Lincoln Site.

15 77. Plaintiff is further informed and believes, and based thereon alleges, that by  
16 January 7, 2023, Western Care had verbally committed to sell the Lincoln Site to TGI. In an  
17 internal TGI email dated January 7, 2023, which was titled “Gladding Ridge Lincoln,”  
18 Mr. Diederich informed TGI’s Chief Operating Officer, Rolande Tellier, of the following, “now  
19 they [Western Care] are open sell the building. 5 m or so.” Plaintiff is informed and believes,  
20 and based thereon alleges, that as of January 7, 2023 at the latest, TGI had a verbal commitment  
21 from Western Care to sell it the Lincoln Site in approximately five months, and this verbal  
22 commitment was reliable because Mr. Diederich had such a strong and personal friendship with  
23 Western Care’s CEO.

24 78. The Joint RFA provides that, “[CCE] [a]pplications cannot be edited once  
25 submitted.” (See Ex. “C,” § 2.2.) Plaintiff is informed and believes, and based thereon alleges,  
26 that TGI was aware of this restriction in early 2023, but that TGI did not want to lose its place in  
27 line for CCE Program funding, which it feared would happen if it withdrew its application and  
28 resubmitted an all new application. Plaintiff is informed and believes, and based thereon alleges,

1 that the CCE Program had a finite amount of money available for projects in the Sacramento  
2 region, which included all of Sacramento County and Placer County, and TGI was aware of this  
3 fact, and was sensitive to the need to get its application approved as quickly as possible, so that  
4 the CCE Program funding for the Sacramento region would not be lost to other projects.

5 79. Plaintiff is informed and believes, and based thereon alleges, that in the late 2022  
6 and early 2023 timeframe, one or more CCE Program projects had already been awarded in the  
7 Sacramento region, and TGI had a heightened concern that all the money earmarked for the  
8 Sacramento region would soon be awarded to other projects. As such, Plaintiff is informed and  
9 believes, and based thereon alleges, that in late 2022 and early 2023, Mr. Diederich and other TGI  
10 officials moved forward as quickly as possible to try to secure the Lincoln Site, and TGI was  
11 going to ask CDSS and AHP to change site locations, rather than having to submit a new  
12 application.

13 80. Plaintiff is informed and believes, and based thereon alleges, that TGI knew at this  
14 time that the Joint RFA prohibited edits to the application, but it was going to try to convince  
15 CDSS and AHP to “break the rules,” and to provide TGI with an accommodation that no other  
16 applicant for CCE Program funds was able to receive. TGI did not want to have to submit an all  
17 new application, because that would mean TGI having to start the process all over again and go to  
18 the back of the line, which TGI believed would cause it to lose out on the ability to obtain funds,  
19 as other proposed projects would move ahead of it in line for consideration. However, all the  
20 other applicants for CCE Program funds were required to abide by the rules and regulations set  
21 forth in the RFA, and thus if CDSS, through AHP, were to allow TGI to violate the rules and  
22 regulations, this would give TGI an unfair advantage over other applicants.

23 81. Plaintiff is informed and believes, and based thereon alleges, that on January 13,  
24 2023, CDSS sent TGI another correspondence, in which it again informed TGI that its application  
25 for the Roseville Site was incomplete, and that TGI was not yet eligible for CCE Program funds  
26 for the Roseville Site. In this letter, CDSS informed TGI that its incomplete application could be  
27 corrected (i.e., the application was still viable), but that it needed to reach out to AHP within ten  
28

1 business days in order to keep its application viable. A true and correct copy of this  
2 communication is attached hereto as Exhibit “L,” and it is incorporated by reference herein.

3 82. Plaintiff is informed and believes, and based thereon alleges, that at this time on  
4 January 13, 2023, TGI was moving forward with negotiations for acquiring the Lincoln Site from  
5 Western Care, with at least a verbal commitment to sell the Lincoln Site in hand, but that TGI still  
6 had not informed CDSS and AHP that it was no longer considering the Roseville Site, and that it  
7 was going to propose an edit to the application.

8 83. Plaintiff is informed and believes, and based thereon alleges, that after receiving  
9 the January 13, 2023 correspondence from CDSS, and after securing a verbal commitment from  
10 Western Care to sell the Lincoln Site, TGI finally reached out to AHP to inform it, and CDSS,  
11 that TGI no longer wanted to move forward with the Roseville Site, and that instead TGI wanted  
12 to edit its application to propose the Lincoln Site in place of the Roseville Site.

13 84. On January 20, 2023, Ms. Tellier of TGI sent an email to AHP via the CCE  
14 Program online portal, in which she requested a meeting with AHP. In this email, Ms. Tellier  
15 wrote, “Quite a few things have arisen since submitting our proposal, and I would love the  
16 opportunity to share new developments with you.” Ms. Tellier was referring to the change in  
17 locations for the project. Later that day AHP responded and indicated that they would be in touch  
18 with Ms. Tellier the following week. Thereafter the parties set up a meeting.

19 85. Meanwhile, Plaintiff is informed and believes, and based thereon alleges, that also  
20 around this January 13, 2023 timeframe, Mr. Diederich reached out Holly Andreatta, who was  
21 (and still is) a City Councilmember on the Lincoln City Council. Plaintiff is informed and  
22 believes, and based thereon alleges, that Mr. Diederich had known Councilmember Andreatta  
23 through other work on addressing homelessness in Placer County, and he saw her as a potential  
24 advocate for TGI’s proposal for a medical respite facility in Lincoln. Mr. Diederich reached out  
25 to Councilmember Andreatta because he anticipated that when TGI finally revealed to CDSS and  
26 AHP that they were proposing to edit their application to replace the Roseville Site with the  
27 Lincoln Site, that CDSS and AHP were going to require community engagement in Lincoln, if  
28 they were even going to allow for such an edit at all. In anticipation of what might be coming

1 from CDSS and AHP, Mr. Diederich requested a meeting with Councilmember Andreatta, and in  
2 or about January 18, 2023, this meeting took place at the Waffle Shop restaurant in Lincoln.

3 86. Plaintiff is informed and believes, and based thereon alleges, that Mr. Diederich's  
4 approach with Councilmember Andreatta was careful and calculated. His goal was to discuss  
5 with her the possibility of opening a medical respite facility in Lincoln, but he did not want to  
6 give Councilmember Andreatta any specifics regarding TGI's negotiations with Western Care for  
7 the purchase of Gladding Ridge, nor did he even want to suggest to her that there was an actual  
8 proposed project in Lincoln that TGI was currently negotiating.

9 87. Mr. Diederich and TGI had already been burned by the experience with the  
10 Roseville City Council, and Plaintiff is informed and believes, and based thereon alleges, that  
11 Mr. Diederich wanted to "test" Councilmember Andreatta as to whether she might be an ally for  
12 the proposed medical respite project TGI was currently negotiating in Lincoln, such that TGI  
13 could potentially rely on her for a letter of support, which Mr. Diederich knew would be helpful  
14 should AHP and CDSS allow TGI to amend its application.

15 88. Plaintiff is informed and believes, and based thereon alleges that when  
16 Mr. Diederich and Councilmember Andreatta met at the Waffle Shop on or about January 18,  
17 2023, after some "small talk" and discussions about a different proposed TGI project in  
18 unincorporated County lands that failed, Mr. Diederich asked Councilmember Andreatta whether  
19 she would be open to the possibility of TGI opening a facility in Lincoln. Mr. Diederich's inquiry  
20 was carefully and intentionally phrased as hypothetical situation, and was not intended to  
21 communicate that there was an actual project under consideration.

22 89. Councilmember Andreatta responded to this hypothetical by telling Mr. Diederich  
23 that she would be happy to have a conversation with him about a facility in Lincoln should that  
24 scenario present itself. In her mind, this was simply a "what if" type hypothetical question, and  
25 nothing more. That was the full extent of the conversation. There was no suggestion from  
26 Mr. Diederich that TGI was in fact actually moving forward with a plan to open a facility in  
27 Lincoln, that TGI was actively negotiating with Western Care to purchase the Lincoln Site, or that  
28 TGI had applied for CCE Program funds to pay for the acquisition. Councilmember Andreatta

1 did not interpret anything Mr. Diederich said as an indication that TGI was in actual negotiations  
2 to buy a site and open a facility in Lincoln.

3 90. Plaintiff is informed and believes, and based thereon alleges, that Councilmember  
4 Andreatta's reaction to Mr. Diederich's suggestion was exactly what Mr. Diederich was hoping  
5 for. He had "tested" Councilmember Andreatta as to whether she might be an ally in the future,  
6 which was his goal, and he determined that she could potentially be helpful. But important to  
7 Mr. Diederich, he did not disclose that there was a planned project and that he was in active  
8 negotiations with Western Care to buy the Lincoln Site. He did not want to convey that  
9 information to Councilmember Andreatta, and by his own admission he did not consider the  
10 meeting with her to constitute "community engagement," in terms of what would be required for  
11 an application for CCE Program funds for a project in Lincoln.

12 91. Plaintiff is informed and believes, and based thereon alleges, that as of January 18,  
13 2023, even though Mr. Diederich had a verbal commitment from Western Care to sell the 105-  
14 bed facility at Gladding Ridge to TGI, and even though TGI was preparing to ask CDSS and AHP  
15 to edit its application for CCE Program funds and replace the Roseville Site with the Lincoln Site  
16 for the medical respite center for persons experiencing homelessness, Mr. Diederich intentionally  
17 withheld this information from Councilmember Andreatta during their meeting. Instead he led  
18 Councilmember Andreatta to believe that there were no current plans for TGI to open a facility in  
19 Lincoln, and that if there ever were plans, that the two would have a substantive conversation  
20 regarding specifics, and that the entirety of the City leadership would be involved in the process.  
21 When Mr. Diederich spoke up, he had a duty to inform Councilmember Andreatta of all the  
22 relevant details. He should have fully disclosed TGI's existing negotiations to purchase the  
23 Lincoln Site from Western Care and to open a medical respite facility in Lincoln, as well as the  
24 TGI application for CCE Program funds, but he did not do so.

25 92. Plaintiff is informed and believes, and based thereon alleges, that two or three  
26 weeks after Mr. Diederich met with Councilmember Andreatta at the Waffle Shop, TGI met with  
27 AHP to discuss TGI's plan to try to edit its application. This meeting occurred on February 6,  
28 2023, and during the meeting, TGI informed AHP for the first time that the Roseville Site was no

1 longer their preferred option for the proposed medical respite facility, and that it wanted to move  
2 forward with the CCE Program application at an alternate site in Lincoln.

3 93. Plaintiff is further informed and believes, and based thereon alleges, that during  
4 this meeting, TGI tried to persuade AHP (and thus CDSS) to allow it to edit its application for the  
5 Lincoln Site, so that it would not have to submit a new application and lose its place in line for  
6 CCE Program funding. TGI tried to persuade AHP (and thus CDSS) to allow this deviation from  
7 the rules and regulations published in the Joint RFA by pointing out that the Lincoln Site would  
8 be able to house many more individuals experiencing homelessness than the Roseville Site, and at  
9 a lower cost per bed given that the Lincoln Site already had an existing building, whereas the  
10 Roseville Site was vacant land. This was an attractive “selling point” to AHP (and thus CDSS),  
11 as CDSS wanted to maximize the total number of beds added by this project.

12 94. Plaintiff is informed and believes, and based thereon alleges, that later in the day  
13 on February 6, 2023, AHP’s Senior Project Manager, Robert Stromberg, sent TGI’s Chief  
14 Operating Officer, Ms. Tellier, an email confirming what had occurred at the meeting. In this  
15 email, AHP told TGI that by changing the location of the medical respite facility to the Lincoln  
16 Site, it appeared that TGI was proposing a new project, and that TGI would have to start the  
17 process over, and submit an entirely new application. However, Mr. Stromberg informed TGI  
18 that in the alternative, TGI could request a re-review of its existing application by submitting  
19 additional information regarding the Lincoln Site. In other words, Plaintiff is informed and  
20 believes, and based thereon alleges, that TGI’s efforts to persuade AHP to allow it to edit its  
21 application were successful, and even though edits to a submitted application were forbidden by  
22 the rules and regulations of the Joint RFA, AHP (and thus CDSS) was going to violate these rules  
23 and regulations, and give TGI a special accommodation that no other applicant for CCE Program  
24 funds was entitled to receive, i.e., to edit its application and substitute the Lincoln Site in place of  
25 the Roseville Site.

26 95. Mr. Stromberg of AHP informed Ms. Tellier in this February 6, 2023 email that if  
27 TGI wanted a re-review of the application, it would need to submit information regarding the  
28 proposed Lincoln Site. He gave Ms. Tellier with a list of nine items of information that TGI



1 would need to provide in order to get a re-review of its application. Included on this list of what  
2 was needed was the following: “8. Description of community engagement and local support,  
3 including support letters for the specific address proposed, an updated Community Engagement  
4 Tracking Form [i.e., the “Form 6”], and a detailed description of any community opposition to  
5 your proposed project (and how you have or propose to overcome that opposition.)” A true and  
6 correct copy of this email is attached hereto as Exhibit “M,” and it is incorporated by reference  
7 herein.

8 96. Plaintiff is informed and believes, and based thereon alleges, that Mr. Stromberg  
9 of AHP, who was then acting on behalf of CDSS, imposed this requirement in paragraph 8 of all  
10 new community engagement because Lincoln and Roseville are not the same community. They  
11 are two different cities, approximately 11 miles apart, with vastly different populations, and  
12 different community needs. Roseville has three times the population of Lincoln. Roseville has  
13 two major hospitals, while Lincoln has none, and while the PIT counts in Roseville are  
14 respectable, they are not as good as the PIT counts in Lincoln.

15 97. In this February 6, 2023 email, AHP (and thus CDSS) gave TGI only one week to  
16 submit all of this new information regarding the Lincoln Site. Plaintiff is informed and believes,  
17 and based thereon alleges, that AHP’s (and thus CDSS’s) one-week deadline put TGI under a  
18 significant time pressure, and AHP gave TGI such a short time window to submit additional  
19 information because AHP was not supposed to have allowed any such edits at all, and so it did  
20 not want to extend the time window too far out in allowing TGI to do something that was not  
21 even permitted under the rules and regulations. Plaintiff is informed and believes, and based  
22 thereon alleges, that AHP (and thus CDSS) was willing to overlook this violation of the rules and  
23 regulations set forth in the Joint RFA because TGI was promising to provide more beds to serve  
24 the homeless population, and at a lower cost than the proposed Roseville Site, and the increased  
25 bed count was attractive to AHP (and thus CDSS).

26 98. Later on February 6, 2023, after receiving the email from Mr. Stromberg of AHP  
27 informing TGI of what would need to be done for a re-review of its application for the Lincoln  
28 Site, Ms. Tellier forwarded the email to Mr. Diederich, and asked him whether he would be able

1 to “pull off a support letter from Holly [Andreatta] by Monday,” i.e., the following week, and she  
2 noted for Mr. Diederich the requirement AHP had stated in its email about identifying specific  
3 community engagement in Lincoln. The next morning, February 7, 2023, Mr. Diederich  
4 responded to Ms. Tellier by email, telling her that Councilmember Andretta would not provide a  
5 letter of support on her own, and that they would need to go to the entire City Council, which was  
6 not possible to do that fast. He then asked Ms. Tellier whether they needed a letter of support  
7 from the Lincoln City Council. Ms. Tellier responded later that morning by pointing out to  
8 Mr. Diederich that AHP was asking for a description of community engagement and support, and  
9 she suggested that perhaps TGI should at least schedule a meeting with Lincoln civic leaders, and  
10 then they could state in their application for a re-review that the required community outreach  
11 was “planned/on the books” when it submitted its revised application.

12 **TGI Submits a Revised Application and Purchases the Lincoln Site, and Conceals its**  
13 **Conduct from the City Council and City Leaders**

14 99. On February 13, 2023, TGI submitted a request for “reconsideration and re-  
15 review” of its application for CCE Program Capital Expansion funds that was initially submitted  
16 on July 11, 2022, and in this submission TGI utilized the same application number: CCE-  
17 1767623224. In this submission, TGI reiterated that it is the only facility in all of Placer County  
18 that provides medical respite services to persons experiencing homelessness. In its submission,  
19 TGI changed out the Roseville Site for the Lincoln Site, and it described the project as a 60-bed  
20 medical respite facility on a 2.10-acre site, that would serve 480 medical respite guests annually.  
21 A true and correct copy of this request for reconsideration and re-review is attached hereto as  
22 Exhibit “N,” and incorporated by reference herein. Plaintiff is informed and believes, and based  
23 thereon alleges, that if TGI is able to serve 100 individuals annually in its 10-bed medical respite  
24 facility, it will actually have room to serve over 1,000 individuals annually at the 105-bed Lincoln  
25 Site if it opens.

26 100. In addition to the 60-beds for medical respite, TGI proposed operating a licensed  
27 38-bed assisted living facility for very low income individuals after it obtained a Residential Care  
28 Facility for the Elderly (“RCFE”) license. The application for reconsideration and re-review

1 further noted that the site would be a “low barrier” facility, providing treatment to those addicted  
2 to drugs by reinforcing positive change, and “reducing the stigma associated with recreational and  
3 problematic drug use,” and that patients would be free to “come and go during the day” while  
4 staying at the facility, and are encouraged to seek employment.

5 101. TGI’s request for reconsideration and re-review further noted that the project  
6 would be to occupy an existing building, and that no new construction would be required. TGI  
7 further stated in its application that “[s]hould the inspection of the property prior to acquisition  
8 warrant the need for repairs, appropriate permits will be applied for prior to commencing any  
9 work.” However, TGI was not anticipating that any substantive construction work was needed  
10 for the building. TGI’s submission included a project budget, and within this budget TGI  
11 included only a modest sum of “rehabilitation” construction work, and the only actual work it  
12 noted was for building partitions in some of the rooms. TGI also indicated in the project budget  
13 that the start date was “upon award,” and thus TGI conveyed to CDSS that the Lincoln Site was  
14 move-in ready, and that TGI was ready to open and operate a medical respite facility at the  
15 Lincoln Site immediately.

16 102. Plaintiff is informed and believes, and based thereon alleges, that at the time it  
17 submitted its request for reconsideration and re-review it had not yet inspected the Lincoln Site,  
18 but after the fact TGI did inspect the Lincoln Site, and even though there were serious building  
19 code violations that warrant major repairs to the building, which TGI either knew or should have  
20 known was the case, TGI did not subsequently notify CDSS or AHP of the need for major repairs.  
21 Plaintiff is further informed and believes, and based thereon alleges, that TGI would later  
22 represent to CDSS, through either AHP or Horne, that the Lincoln Site was a “turnkey” operation,  
23 and that the building was “move-in ready,” with only minimal repairs needed.

24 103. Plaintiff is informed and believes, and based thereon alleges, that TGI did not  
25 submit an updated “Form 6” with its request for a re-review of its application, and that it never  
26 submitted an updated “Form 6” describing its community engagement in Lincoln, as was required  
27 by AHP (and thus CDSS) in the February 6, 2023 email. (See Ex. “M.”) Plaintiff is further  
28 informed and believes, and based thereon alleges, that TGI did not undertake any community

1 engagement as required in the Joint RFA in any way, shape or form in Lincoln, either prior to or  
2 after submitting its request for reconsideration and re-review, and that prior to August 2024,  
3 which was after TGI had been awarded CCE Program funds and escrow closed on the Lincoln  
4 Site, TGI made no attempt to engage civic leaders in Lincoln, but rather it concealed its plans to  
5 open a medical respite facility in Lincoln from the City Council and other Lincoln civic leaders.

6 104. Plaintiff is informed and believes, and based thereon alleges, that on February 13,  
7 2023, TGI executed a Letter of Intent (“LOI”) to buy the Lincoln Site from Western Care. The  
8 LOI indicated a purchase price for the Lincoln Site of \$6 million, contingent upon an appraisal  
9 and fair market value determination. A true and correct copy of this LOI is attached hereto as  
10 Exhibit “O,” and is incorporated by reference herein.

11 105. Plaintiff is informed and believes, and based thereon alleges that the identified  
12 purchase price of \$6 million was overinflated, and that Western Care and TGI both knew, or  
13 should have known, that the Lincoln Site was not worth even close to that value. This is so  
14 because Western Care had appraised the Lincoln Site only five and a half months earlier in late  
15 September 2022, and the appraised value at that time was far less than \$6 million. Plaintiff is  
16 informed and believes, and based thereon alleges that this was part of a deceitful plan of Western  
17 Care and TGI to make the Lincoln Site seem like it was worth more than it was actually worth, so  
18 that when the final purchase price came in lower, it would appear to CDSS and Horne that the  
19 taxpayer was getting a fair deal, but in reality Western Care was going to get a significant  
20 windfall above fair market value.

21 106. The LOI also provided that in addition to the fair market value purchase price, TGI  
22 would pay Western Care a “finder’s fee,” even though Western Care was selling its own building,  
23 and had not actually found anything, and a cancellation fee for the tenant of the building, which  
24 was an entity with common ownership to Western Care. Plaintiff is informed and believes, and  
25 based thereon alleges, that TGI agreed to these fees in the LOI even though the Gladding Ridge  
26 senior living facility operation was a struggling business enterprise at that point and Western Care  
27 had done nothing to deserve either fee.  
28

1           107. Plaintiff is informed and believes, and based thereon alleges, that after taking into  
2 account these extra fees, TGI had agreed to pay the owner of the Lincoln Site a purchase price in  
3 excess of the fair market value of the Lincoln Site, and that these extra fees were improper and  
4 should not have been agreed to. Plaintiff is informed and believes, and based thereon alleges, that  
5 TGI was not concerned with having to pay the extra fees because it was anticipating the state  
6 taxpayer money, and not TGI's own money, would be used for the purchase of the Lincoln Site.

7           108. Plaintiff is informed and believes, and based thereon alleges, that the LOI also  
8 contained a confidentiality clause that precluded either party from disclosing the existence of the  
9 LOI or the status of the negotiations to any third parties. In August 2024 TGI told the City that  
10 this confidentiality clause precluded it from reaching out to the Lincoln City Council and other  
11 civic leaders prior to close of escrow. TGI said this as a way to excuse its concealment of its  
12 plans from the City. However, Plaintiff is informed and believes, and based thereon alleges, that  
13 this clause was illusory, and that TGI actually wanted this confidentiality clause to be a part of the  
14 agreement to give it an excuse to not disclose what it was doing to the Lincoln City Council and  
15 other civic leaders prior to close of escrow.

16           109. Plaintiff is informed and believes, and based thereon alleges, that TGI informed  
17 multiple third-persons, including Placer County's Director of HHS, Dr. Oldham, of the pending  
18 transaction prior to the close of escrow, and there was nothing prohibiting TGI from disclosing  
19 this pending sale the Lincoln City Council and other City leadership staff except for TGI's desire  
20 to conceal the transaction from the City for as long as possible. Plaintiff is further informed and  
21 believes, and based thereon alleges, that when TGI informed other third parties of its plan to  
22 acquire the Lincoln Site prior to close of escrow, it requested that these third parties not inform  
23 the City of Lincoln's civic leaders of the pending sale. TGI truly wanted to conceal the pending  
24 transaction from the City until it was too late for the City to do anything to stop it.

25           110. Plaintiff is informed and believes, and based thereon alleges, that on May 8, 2023,  
26 CDSS granted TGI's application, and awarded it \$6,440,670 in CCE Capital Expansion Program  
27 funds for the acquisition and operation of its planned medical respite facility at the Lincoln Site.  
28 On May 22, 2023, CDSS revised the award to \$6,450,653. A true and correct copy of the award

1 letters from CDSS are together attached hereto as Exhibit “P,” and are incorporated by reference  
2 herein.

3 111. Even though TGI was required to have included proof of community engagement  
4 and support for the Lincoln Site, Plaintiff is informed and believes, and based thereon alleges,  
5 that no such proof was ever provided to Horne or CDSS as part of the application, because TGI  
6 did not undertake any community engagement in Lincoln prior to submitting its application, or  
7 even after it submitted its application. By TGI’s own acknowledgment, it did not undertake any  
8 community engagement in Lincoln until August 2024, around the time it closed escrow on the  
9 Lincoln Site.

10 112. Plaintiff is informed and believes, and based thereon alleges, that on May 13,  
11 2024, TGI and Western Care had executed a purchase and sale agreement (“PSA”) for the  
12 Lincoln Site. A true and correct copy of the PSA is attached hereto as Exhibit “Q,” and is  
13 incorporated by reference herein. The PSA contained a sale price for the Lincoln Site of \$4.9  
14 million, but this sale price was conditioned upon CDSS approving an appraisal of the Lincoln  
15 Site, and Plaintiff is informed and believes, and based thereon alleges, the sale price was  
16 conditioned on an appraisal showing a fair market value for the Lincoln Site at least as high as the  
17 sale price, which was subject to approval by CDSS.

18 113. Plaintiff is informed and believes, and based thereon alleges that after the parties  
19 executed this PSA, the parties had an appraisal commissioned for the Lincoln Site, which was  
20 prepared on August 29, 2023. The appraisal showed a fair market value for the Lincoln Site of  
21 \$5.1 million, which was in excess of the purchase price in the PSA. However, Plaintiff is  
22 informed and believes, and based thereon alleges, that the appraisal report was improperly  
23 inflated, and that the appraised value had been inflated in order to make it look like the fair  
24 market value for the Lincoln Site was more than the purchase price, when in fact it was less.

25 114. Plaintiff is informed and believes, and based thereon alleges, that the same  
26 appraiser had appraised the Lincoln Site less than one year earlier, and there was an unexplained  
27 nearly 20% increase in the fair market value opinion of the later appraisal, which cannot be  
28

1 explained solely due to an uptick in the real estate market, particularly for a run-down  
2 commercial property, in Lincoln during a short, eleven-month window.

3 115. Plaintiff is informed and believes, and based thereon alleges, that the August 29,  
4 2023 appraisal that TGI sent to CDSS and its third-party administrator was inflated to the point of  
5 being fraudulent, and that the true fair market value of the Lincoln Site was less than the purchase  
6 price that TGI agreed to pay. However, Plaintiff is informed and believes, and based thereon  
7 alleges, that while Mr. Diederich and TGI knew, or at least should have known, the August 29,  
8 2023 appraisal had been overly inflated and did not represent the true fair market value, they did  
9 not speak up, nor did they demand another appraisal. Of note, it was TGI's custom at this time to  
10 require multiple appraisals when purchasing property of this value, but here Mr. Diederich and  
11 TGI stayed silent because the state's taxpayers were going to be funding this acquisition, and  
12 their only concern was in acquiring the Lincoln Site at all costs, and not protecting the public.

13 116. Plaintiff is informed and believes, and based thereon alleges, that TGI submitted  
14 this inflated August 29, 2023 appraisal report to CDSS and its third-party administrator, and at the  
15 time TGI knew or should have known that the appraisal report had been improperly inflated to  
16 show a fair market value in excess of the purchase price. Plaintiff is informed and believes, and  
17 based thereon alleges, that when TGI submitted this August 29, 2023 appraisal report to CDSS  
18 and its third-party administrator, they were fraudulently led to believe that the purchase price for  
19 the Lincoln Site was less than fair market value, when in fact it was more than fair market value,  
20 and state's taxpayers were being cheated.

21 117. Plaintiff is further informed and believes, and based thereon alleges, that CDSS  
22 and its third-party administrator, which at this time was Horne, relied on that appraisal report in  
23 approving the project to proceed, and that had they known that the proposed purchase price for  
24 the Lincoln Site was more than its true fair market value, they would have demanded a reduction  
25 in the sale price, or they would have rejected the project entirely.

26 118. Plaintiff is informed and believes, and based thereon alleges, that CDSS was  
27 deceived by this fraudulent appraisal into signing off on the PSA and the purchase of the Lincoln  
28 Site, when the sale never should have occurred because CDSS required that the purchase price

1 paid for any property had to be supported by a fair market value appraisal, i.e., the purchase price  
2 had to be equal to or less than the fair market value appraisal, and in this case, the purchase price  
3 was actually more than the fair market value by a considerable amount.

4 **TGI and Horne Enter Into a Program Funding Agreement at the same time TGI Closes**  
5 **Escrow on the Lincoln Site**

6 119. Plaintiff is informed and believes, and based thereon alleges, that in about June  
7 2023, after TGI submitted its request for reconsideration and re-review of its application for CCE  
8 Program funds for the Lincoln Site, CDSS changed its third party administrator from AHP to  
9 Horne. Thereafter, Horne acted as CDSS's agent for the CCE Program, and Horne represented,  
10 and spoke for and on behalf of, CDSS in its interactions with CCE Program applicants and  
11 participants.

12 120. Plaintiff is informed and believes, and based thereon alleges, that starting in late  
13 2023 and through August 2024, Horne and TGI exchanged multiple emails regarding specifics for  
14 the proposed medical respite facility at the Lincoln Site. At the time, Horne was in the process of  
15 preparing a Program Funding Agreement, which would provide terms for the disbursement of the  
16 \$6.4 million in CCE Program funds that CDSS had awarded. During this time TGI was also  
17 working with Western Care to finalize the terms to close escrow on the Lincoln Site.

18 121. Plaintiff is informed and believes, and based thereon alleges, that in or around June  
19 2024, Horne asked TGI to provide more information regarding the hospitals that would provide  
20 referrals for the medical respite facility and TGI's anticipated demand for both medical respite  
21 and the RCFE. In response, on June 24, 2024, Ms. Tellier of TGI sent an email to Horne in which  
22 she stated, "We don't anticipate having assisted living up and running for at least a year. With  
23 regard to outreach when we are operational, guests of our medical respite program or emergency  
24 shelters will be prioritized – we are assuming we will be able to fill all beds through that process."  
25 A true and correct copy of this email string (Horne 001305-1313) is attached hereto as Exhibit  
26 "R," and is incorporated by reference herein.

27 122. Plaintiff is informed and believes, and based thereon alleges, that by June 2024,  
28 the demand for medical respite care for persons experiencing homelessness had sharply dropped



1 in Placer County, including for seniors who are experiencing homelessness. Plaintiff is informed  
2 and believes, and based thereon alleges, that for Placer County's 418 unsheltered persons who are  
3 experiencing homelessness in its latest PIT count, only 40% of those individuals (i.e., 167) are  
4 ages 55 and over. This means that if TGI were to use the Lincoln Site solely to provide medical  
5 respite for seniors who are experiencing homelessness, consistent with its application and with  
6 the legislative mandate of the CCE Program, there would be only 167 persons in all of Placer  
7 County who could potentially be eligible to stay at the Lincoln Site, and they would only be  
8 eligible to stay there when discharged from a medical facility. There is simply no possible way  
9 TGI can fill all 105 beds at the Lincoln Site unless persons experiencing homelessness are  
10 brought in from other counties, or TGI fills the beds with persons from its existing emergency  
11 shelters, consistent with Ms. Tellier's June 24, 2024 email, including persons who are not seniors,  
12 and are not intended beneficiaries of the CCE Program, which the Legislature clearly provided  
13 were adult and senior citizens.

14 123. Plaintiff is informed and believes, and based thereon alleges, that TGI informed  
15 Horne that as of the first quarter of 2024, TGI was not able to admit 50% of the referrals to the  
16 medical respite program. This was a substantial reduction in what TGI had represented to CDSS  
17 in its initial application in July 2022, wherein TGI had represented to CDSS that it was forced to  
18 turn away 66% of the persons seeking medical respite at the 10-bed facility in Auburn. Plaintiff  
19 is informed and believes, and based thereon alleges that there has either been a large drop in the  
20 demand for medical respite services in Placer County since TGI submitted its initial application in  
21 July 2022, or in the alternative, TGI misrepresented to CDSS and AHP the demand for medical  
22 respite care for persons experiencing homelessness in Placer County when it first submitted its  
23 application in July 2022.

24 124. Plaintiff is informed and believes, and based thereon alleges, that escrow closed on  
25 the Lincoln Site in early August 2024, and that based on the escrow documents, it appears that  
26 \$4.9 million was the final purchase price for the Lincoln Site, and that after TGI's 10% match,  
27 CCE Program funds were used to pay the seller for a large percentage of the Lincoln Site.  
28 Plaintiff is informed and believes, and based thereon alleges, that the purchase price, which was

1 funded largely by the taxpayers of the state, was greater than the fair market value of the Lincoln  
2 Site. Thus it appears that the taxpayers paid a premium above fair market value to Western Care,  
3 and that TGI failed in its duty to protect the taxpayer in this acquisition.

4 125. Plaintiff is informed and believes, and based thereon alleges, that also in early  
5 August 2024, Horne and TGI entered into a Program Funding Agreement (“PFA”). A true and  
6 correct copy of the PFA between Horne and TGI, as well as exhibits and attachments, is attached  
7 hereto as Exhibit “S,” and is incorporated by reference herein. The PFA contains several  
8 attachments and exhibits, and these exhibits are all considered to be a part of the PFA, and their  
9 terms were incorporated by reference. (See Ex. “S,” § 20.12 [Horne 000616].)

10 126. The first exhibit to the PFA, is entitled Horne Summary Sheet CCE Review. (See  
11 Ex. “S,” ex. “a” [Horne 619].) Plaintiff is informed and believes, and based thereon alleges, that  
12 this exhibit to the PFA is intended by the parties to provide for an overview of TGI’s application  
13 for CCE Program funds. This exhibit contains a summary of what Horne, at least at the time,  
14 understood to be TGI’s community outreach efforts, as well as the letters of support for the  
15 project that TGI had received. (Id. at Horne 000620-21.)

16 127. The summary indicates that TGI had obtained letters of support from Anthem,  
17 California Health and Wellness, and Sutter, as well as the City of Roseville. This summary is  
18 obviously an error; it fails to account for the requirement that AHP (and thus CDSS) imposed  
19 upon TGI when it wanted to edit its application (which was against the rules and regulations), that  
20 TGI provide a “description of community engagement and local support, including support letters  
21 for the specific address proposed [i.e., the Lincoln Site].” Horne’s summary fails to acknowledge  
22 that TGI provided no such description of community engagement and local support in Lincoln.  
23 Also, Horne was clearly incorrect in its summary because even if CDSS, through AHP, had not  
24 required that TGI conduct community engagement in Lincoln, which it did, there was never a  
25 letter of support from the City of Roseville, even for the Roseville Site.

26 128. Plaintiff is informed and believes, and based thereon alleges, that prior to  
27 executing the PFA on August 2, 2024, TGI reviewed the Horne summary that is attached to the  
28 PFA, and saw that Horne had mistakenly summarized the community engagement and local

1 support section. TGI had a duty of good faith and fair dealing, and as a private entity about to  
2 received millions of dollars in state taxpayer money to purchase the Lincoln Site, TGI had a duty  
3 to inform Horne (and thus CDSS) of its mistake, and to clarify whether TGI was actually eligible  
4 to enter into this PFA given that it did not undertake any community engagement in Lincoln, it  
5 had not submitted a revised “Form 6,” and it did not have any letters of support for the project at  
6 the Lincoln Site. Those were all requirements that had been imposed by AHP (and thus CDSS)  
7 on February 6, 2023. Instead TGI remained silent, and it signed the PFA, and it allowed Horne to  
8 sign the PFA knowing full well that the agreement contained a material factual error, and that  
9 TGI had not done all that was required to be an eligible participant, and to enter into the PFA.

10 129. Another attachment to the PFA was attachment “a,” entitled “State Requirements.”  
11 (Id. at Horne 000628.) In this attachment, the parties indicated that TGI “shall comply with all  
12 applicable California and federal law, regulations and published guidelines, to the extent that  
13 these authorities contain requirements applicable to [TGI’s] performance under the Agreement.”  
14 (Id. at Horne 000633.)

15 130. The Joint RFA is attachment “m” to the PFA. (Id. at Horne 000759-780.) As is  
16 shown above, this Joint RFA is such a regulation, or at a minimum it is a published guideline that  
17 is applicable to any applicant’s performance under the PFA. At bottom, TGI never qualified to  
18 participate in the CCE Program in the first place, which Plaintiff is informed and believes, and  
19 based thereon alleges, TGI knew was the case when it signed the PFA in August 2024.

20 131. Plaintiff is informed and believes, and based thereon alleges that, (i) the PFA was  
21 grounded in mistake, fraud and concealment; (ii) that Horne, which was not involved in February  
22 2023 when TGI’s application was amended, was under the mistaken belief that TGI had complied  
23 with all requirements in the Joint RFA based on the community engagement TGI had undertaken  
24 in Roseville, but Horne was not aware that AHP (and thus CDSS) placed further requirements for  
25 community engagement in Lincoln as part of the application for reconsideration and re-review;  
26 (iii) TGI knew that Horne was mistaken as to this material fact, and it took advantage of Horne’s  
27 lack of information as to what AHP (and thus CDSS) had required of TGI in February 2023, and  
28

1 (iv) TGI concealed the true material facts from Horne in August 2024, and the parties executed  
2 this PFA that never should have been entered into, and thus it is void *ab initio*.

3 132. Another attachment to the PFA is attachment “e,” entitled “Statement of Work  
4 (“SOW”).” (Id. at Horne 000658-668.) In the SOW, which is intended to provide for a  
5 description of the proposed project, the parties provide that there will be 105 beds for medical  
6 respite. (Id. at Horne 000659.) The SOW further provides, “Currently the Sponsor [TGI] turns  
7 away a large percentage of the referrals from Sutter Health, Kaiser Permanente, and the  
8 community. In the first quarter of 2024, the Sponsor [TGI] could not admit 50% of the referrals  
9 into the medical respite program due to not having enough beds.” (Id. at Horne 000660.)

10 133. Another attachment to the PFA is attachment “l,” entitled CDSS CCE Program  
11 Capitalized Operating Subsidy Reserve (“COSR”) Agreement. (Id. at Horne 000746-758.) The  
12 COSR, which was also executed by TGI and Horne on August 2, 2024, provides for a \$1 million  
13 operating subsidy to TGI to be used in the event that TGI is unable to break even on its project in  
14 the early years of project performance. Essentially, CDSS has put \$1 million of the \$6.4 million  
15 grant into a COSR, and this COSR can be used by TGI to subsidize operating costs for up to five  
16 years after TGI starts operating its medical respite facility at the Lincoln Site, or March 31, 2029,  
17 whichever date is earlier. The COSR funds can only be used to cover deficits in operating  
18 expenses that are attributable to TGI prioritizing space at its facility to “qualified residents,”  
19 which is defined as persons receiving SSI/SSP. Plaintiff is informed and believes, and based  
20 thereon alleges, that at present, the entirety of the COSR funds have yet to be spent because TGI  
21 has not yet commenced operation of the facility at the Lincoln Site.

22 134. Two additional attachments to the PFA are attachments “i,” and “j,” which are  
23 form declarations of restrictions and performance deeds of trust for the Lincoln Site. (Id. at  
24 Horne 000677-738.) Plaintiff is informed and believes, and based thereon alleges, that these  
25 declarations of restrictions and deeds of trust have been fully executed and recorded against the  
26 Lincoln Site, which serve to encumber the Lincoln Site so that it must be used as a medical  
27 respite facility for approximately 30 years.

## TGI's Current Plans for the Project

135. Plaintiff is informed and believes, and based thereon alleges, that the CCE Program website dashboard identifies TGI's project in Lincoln as a 105-bed facility for medical respite. (<https://www.ccegrant.com/data-dashboard/>.) Plaintiff is informed and believes, and based thereon alleges, that TGI has since informed CDSS, AHP, and later Horne, that the Lincoln Site will be a 105-bed medical respite facility, which TGI did so that it could show a lower total cost per bed, and that it does not plan to even apply for an RCFE license until well after the facility opens, if at all.

136. According to the CCE Program website dashboard, which is incorporated by reference herein, TGI's proposed project at the Lincoln Site, if it becomes operational, will be the eighth largest CCE Capital Expansion project in the state. In other words, according to this dashboard, CDSS has now awarded funds for 61 projects statewide, with total funds awarded at approximately \$570 million. Of the 61 project awards, the award to TGI is the eighth largest in California for the number of beds, and it appears to be the largest of five projects awarded in the Sacramento region. The size of this proposed project is simply not commensurate with a county that has the lowest rate of homelessness of any county in Northern California.

137. Plaintiff is informed and believes, and based thereon alleges, that if TGI opens its facility in Lincoln, the facility may never operate as an RCFE, and that it will not be used solely as a medical respite facility for qualified patients who are discharged from Placer County. Rather Plaintiff is informed and believes, and based thereon alleges, that the Lincoln Site will serve as a general emergency shelter for persons experiencing homelessness in Placer County, and it will also serve a medical respite facility for persons in neighboring counties, including Sacramento County. Plaintiff is informed and believes, and based thereon alleges, that if TGI opens and operates a 105-bed medical respite facility, it will be the third largest medical respite facility in California, with the only two larger facilities being located in Los Angeles and San Francisco.

138. Plaintiff is informed and believes, and based thereon alleges, that there is not nearly sufficient demand for a 105-bed facility in Placer County that is solely devoted to medical respite for seniors who are experiencing homelessness, and that the only way TGI can fill the

1 beds, and thus have the facility at least break even with Medi-Cal reimbursements, will be to  
2 bring in persons experiencing homelessness from their other facilities in Roseville and Auburn,  
3 and potentially also to bring in persons experiencing homelessness in from other counties, but  
4 who are in need of medical respite.

5 139. Plaintiff is informed and believes, and based thereon alleges, that TGI is planning  
6 to use the Lincoln Site to consolidate its operation, and that it is going to move guests of its  
7 medical respite facility in Auburn to the Lincoln Site, and is also going to move guests from its  
8 emergency shelters in Auburn and Roseville into the Lincoln Site, which is TGI's plan for  
9 making sure that all 105 beds at the Lincoln Site are full. Plaintiff is informed and believes, and  
10 based thereon alleges, that this is not a plan to reduce homelessness within Placer County insofar  
11 as TGI is not planning to add a large number of beds to serve persons experiencing homelessness,  
12 if any, rather TGI is planning to concentrate its operation and move beds from existing facilities  
13 in to one place, thereby helping TGI reduce operational costs, and operate its overall County-wide  
14 services more efficiently, all at the expense of the taxpayer.

#### 15 **The Current Condition of the Building at the Lincoln Site**

16 140. Plaintiff is informed and believes, and based thereon alleges, that even though  
17 building permits have not been issued and there is no certificate of occupancy with the City that  
18 would allow for human occupation of the site, TGI was, and still is performing what can be  
19 described as finishing construction work at the Lincoln Site. Yet there is much construction work  
20 that is needed before the Lincoln Site is finished and ready for habitation.

21 141. On September 20, 2024, City officials conducted an inspection of the Lincoln Site  
22 pursuant to a judicially issued inspection warrant. The City had sought voluntary compliance  
23 from TGI to inspect the building, but TGI repeatedly stonewalled the City in its efforts to inspect  
24 the building.

25 142. The City is informed and believes, and based thereon alleges, that TGI refused to  
26 allow the City to enter voluntarily because TGI knew full well, and has known all along, that the  
27 building is not a "turnkey" or "move-in" ready, and is not even close to being ready for operation  
28 and human habitation. During the September 20<sup>th</sup> inspection, the City observed numerous and

1 serious violations of the California Building Code and California Fire Code, and has since pointed  
2 out to TGI the violations that the City was able to observe at the September 20<sup>th</sup> inspection.  
3 Following this inspection, the City Building Official and Deputy Fire Chief prepared reports,  
4 which summarize the inspections and the numerous code violations that were observed. A true  
5 and correct copy of these reports, which were provided to TGI, are attached hereto as Exhibits  
6 “T” and “U,” and are incorporated by reference herein.

7 143. Plaintiff is informed and believes, and based thereon alleges, that in August and  
8 September 2024, TGI was performing finishing repair work as quickly as possible because it  
9 wanted to open the facility and move patients in quickly before any injunctive relief in this action  
10 could be issued. However, after the City provided TGI with the reports (Exs. “T” and “U”), TGI  
11 has since represented that it would not open the site and accept patients until all code violations  
12 are cured, and a certificate of occupancy is issued by the City Building Official.

13 144. As of the date of this Second Amended Complaint, TGI still has not yet applied for  
14 all necessary permits to undertake the needed repair work, and Plaintiff is informed and believes,  
15 and based thereon alleges, that to date the Lincoln Site remains closed.

16 145. Plaintiff is informed and believes, and based thereon alleges, that had the City not  
17 obtained an inspection warrant and inspected the Lincoln Site, TGI would have completed  
18 finishing work and would have opened the site for business, even though the substantial building  
19 code and fire code violations exist at the Lincoln Site, and it is not currently fit for human  
20 habitation.

21 146. Plaintiff is further informed and believes, and based thereon alleges, that another  
22 reason TGI was trying to perform superficial repairs as quickly as possible and move people in  
23 and begin operations is that if TGI is forced to obtain permits, and otherwise perform the  
24 substantial work that is required to make the building safe for human habitation, it would become  
25 a “red flag” for CDSS and Horne, and that CDSS and Horne would likely review the project  
26 documents with greater scrutiny, and realize that TGI made material misstatements in its  
27 application for CCE Program funds.  
28

1           147. The City’s inspection of the Lincoln Site was over ten months ago, and TGI still  
2 has not pulled all necessary permits to perform the repairs that are needed to bring the site to code  
3 and make it safely habitable, and has not undertaken this construction work. This is a further  
4 indication that the Lincoln Site was nowhere near a “turnkey” or “move-in” ready when TGI  
5 acquired it, and that TGI’s plan to move patients into the building without inspections from the  
6 City Building Official was reckless and irresponsible.

7                           **The City Will Suffer Irreparable Injury if TGI’s Facility Opens**

8           148. Plaintiff opposes this CCE Capital Expansion project at the Lincoln Site. This is  
9 so for multiple reasons, and Plaintiff is informed and believes, and based thereon alleges, that if  
10 TGI is allowed to open its proposed medical respite facility at the Lincoln Site, the City will  
11 suffer grave and irreparable injury, as well as significant monetary harm.

12           149. First, the City opposes the project at the Lincoln Site because there is no need for a  
13 105-bed medical respite facility within the City. Again Placer County’s PIT count is only 711,  
14 and there are only 167 unsheltered persons experiencing homelessness who are age 55 or older.  
15 The City’s PIT count is only 32, and is dropping. Placer County’s PIT count is also dropping,  
16 and it has the lowest rate of homelessness of any county in Northern California. By any objective  
17 metric, the population of persons experiencing homelessness within the City and County are  
18 relatively low, and trending downward. If TGI’s proposed facility opens, it would be one of the  
19 largest medical respite facilities in the state, and it would be the eighth largest CCE Capital  
20 Expansion projects in the state. There is simply not sufficient demand in the City or in Placer  
21 County for a facility of this size serving seniors experiencing homelessness, and there is no need  
22 for a project of this size and scope at the Lincoln Site.

23           150. Second, the City opposes the project at the Lincoln Site because the City does not  
24 have the public safety resources needed to make sure that guests of the Lincoln Site, as well as the  
25 neighboring communities, are safe. The City has a population of only around 52,000 residents,  
26 and it has a small police force and fire department. There are only 28 sworn police officers in the  
27 City’s police department, and there are only 31 full-time employees in the fire department, with  
28



1 no full-time paramedics on staff. There is no hospital in the City of Lincoln, and the nearest  
2 hospital with an emergency department is over 11 miles away in Roseville.

3 151. Plaintiff is informed and believes, and based thereon alleges, that in 2024, Cal Fire  
4 received 67 calls for service at TGI's 10-bed medical respite facility in Auburn, while the Placer  
5 County Sheriff's Department received 74 calls for service at this facility last year. Based on these  
6 numbers, Plaintiff is informed and believes, and based thereon alleges, that if TGI were to open a  
7 105-bed medical respite facility at the Lincoln Site, there would be approximately 700 to 750  
8 calls for service per year where the City's first responders would have to deploy personnel in  
9 response. If TGI operates the Lincoln Site as an emergency shelter for general homelessness  
10 services, these numbers could be even higher. The City does not have a sufficient number of first  
11 responders to handle this number of calls for service, and to also address the current needs of City  
12 residents.

13 152. Plaintiff also notes here that the City fire department does not employ any  
14 paramedics, and the City's fire department's ambulances are not equipped with life-saving  
15 equipment. At present, where there is a call for service within the City and a patient needs to be  
16 transported by ambulance to the emergency department in Roseville, there is a private company  
17 called American Medical Response ("AMR"), that provides emergency paramedic services to the  
18 City's residents. AMR is on contract with Placer County, and it provides emergency paramedic  
19 services throughout the County.

20 153. Plaintiff is informed and believes, and based thereon alleges, that AMR  
21 paramedics typically stage in and around Roseville, which is the County's largest population  
22 center, and when a call for service requiring a paramedic comes in from Lincoln, an AMR  
23 ambulance typically has to drive several miles just to get to Lincoln, before then having to travel  
24 to the scene. As such, when calls for service come in, the City's police officers and/or the fire  
25 department's ambulances are usually the first on scene, but they can only provide basic life  
26 support until AMR arrives.

27 154. Plaintiff is informed and believes, and based thereon alleges, that putting a medical  
28 respite facility of any size in Lincoln, as opposed to Roseville, will significantly add to the

1 response time of calls for paramedic services. To that end, Plaintiff is informed and believes, and  
2 based thereon alleges, that TGI's proposed 105-bed medical respite facility in Lincoln will harm  
3 not only the residents of Lincoln, but will also be harmful to the patients of the medical respite  
4 facility, as they will be at greater risk of being in an emergency situation and not having  
5 paramedic services readily available.

6 155. Third, the City opposes the project at the Lincoln Site because a 105-bed medical  
7 respite facility will cause an unsustainable drain on the City's general fund. Plaintiff is informed  
8 and believes, and based thereon alleges, that a call for service costs the City's fire department  
9 between \$312 and \$405 per hour per first responder, and based on the experience of the City's  
10 firefighters in responding to calls for service, the City estimates that each call for service could  
11 take between one to three hours, or possibly even more depending on the circumstances of the  
12 call, and multiple responders will be needed. Plaintiff is informed and believes, and based  
13 thereon alleges, that if TGI opens a 105-bed medical respite facility at the Lincoln Site, between  
14 the police department and fire department calls, the City will be forced to incur first responder  
15 costs of within the approximate range of \$500,000 to \$1.5 million per year, depending on the  
16 nature, severity and duration of the incidents, which will have to be funded from the City's  
17 general fund. This will be a significant percentage of the City's general fund budget devoted  
18 solely to cover responses at TGI's Lincoln Site.

19 156. Plaintiff is informed and believes, and based thereon alleges, that the demands  
20 placed on the City's first responders to respond to calls at the Lincoln Site will translate to less  
21 availability of the City's police and fire departments to respond to other calls for service within  
22 the City, as its first responders will otherwise be engaged responding to calls at the Lincoln Site.  
23 The social loss here is immeasurable, and cannot be calculated. The people of Lincoln pay taxes  
24 so that they can feel safe, knowing that if there is an emergency, the City's first responders will  
25 be there in a timely fashion when they call. If the City's first responders are consistently engaged  
26 in responding to calls for service at the Lincoln Site, that basic social contract between the City  
27 government and the citizenry breaks down.  
28

1           157. Plaintiff is informed and believes, and based thereon alleges, that TGI has applied  
2 for and received non-profit exempt status for the Lincoln Site with the County Assessor's office,  
3 and thus TGI will pay nothing in property taxes for the Lincoln Site. If TGI opens a 105-bed  
4 medical respite facility in the City, it will not be part of the tax base, and will contribute nothing  
5 to the City's general fund, while its drain on general fund resources will be substantial.

6           158. The Lincoln Site is in a Business Professional zoning district. This zoning district  
7 does not allow for a medical respite use as a matter of right, and ordinarily this use would require  
8 that TGI obtain the City Planning Commission's approval of a Conditional Use Permit ("CUP").  
9 The City's current practice is to place a condition of approval on new congregate living facilities,  
10 that require the facility to reimburse the City for the costs of first responder calls for service at the  
11 facility. However, AB 172 exempts all CCE Program projects from local land use authority.  
12 (Welf. & Inst. Code § 18999.97, subd. (l).) As such, if TGI opens its medical respite facility, it  
13 will not only be a tremendous drain on City resources, but it will not pay any money to the City's  
14 general fund, and will not contribute to the large cost of calls for service.

15           159. Fourth, the City opposes the project at the Lincoln Site because it will remove  
16 much needed housing stock for full-time senior housing, which is a critical need within the City.  
17 As the City's Housing Element update confirms, there is a large senior population within the City,  
18 with approximately 37% of the City's population being age 55 and over. There is a critical need  
19 for specifically designated full-time senior residential housing within the City, including full-time  
20 affordable senior residential housing units, in order to meet the housing needs of the City's aging  
21 population. The City does not have enough housing stock devoted to senior housing to meet this  
22 ever growing need, and it is vital for the City to maintain existing housing stock, and to promote  
23 new housing stock that will be dedicated to senior housing, including affordable senior housing.

24           160. The City's 2021 Housing Element update identifies Gladding Ridge as one of the  
25 largest housing complexes within the City that is devoted to senior housing. As such, Gladding  
26 Ridge is a key component of the Housing Element for meeting the City's needs for full-time  
27 senior housing stock. If TGI opens a 105-bed medical respite facility at the Lincoln Site, that  
28 housing stock that Gladding Ridge provided will have to be removed from the count of full-time

1 senior housing units. The City needs more housing stock dedicated to full-time senior housing,  
2 not less, and TGI's project will cause a major reduction in the availability of senior housing  
3 within the City. Should TGI's medical respite project open at the Lincoln Site, the City will have  
4 to work with California HCD and try to adjust its Housing Element, but this loss of current senior  
5 housing stock will be a tremendous blow to the City, and its harm cannot be calculated.

6 161. As a direct and proximate result of TGI's wrongdoing as alleged herein, Plaintiff  
7 has incurred and will continue to incur damages. Plaintiff has been forced to expend resources,  
8 and incur staff and attorney time in investigating and responding to TGI's proposed CCE  
9 Program project for a medical respite facility at the Lincoln Site, and in investigating the  
10 condition of the building at the Lincoln Site, so that the City, in the exercise of its police powers,  
11 ensures that TGI does not open and begin operating a medical respite facility in the City that is  
12 not safe for human habitation. Plaintiff's damages are currently unknown in their amount, but are  
13 and/or will be in excess of the jurisdictional minimum of the Court

14 162. Finally, the City opposes TGI's project to open a medical respite facility at the  
15 Lincoln Site because the Lincoln Site is approximately 1,000 feet from Glen Edwards Middle  
16 School, and is also in close proximity to two other schools. Plaintiff is informed and believes,  
17 and based thereon alleges, that TGI also did not notify the school district, Western Placer Unified  
18 School District, of its proposed project, until after close of escrow.

19 **The City Would have Acted Differently if it had Known what TGI was Planning**

20 163. The City Council and other City leadership staff were unaware of TGI's plans to  
21 open a medical respite facility until August 2024, which was after TGI had closed escrow and had  
22 obtained project funding. If TGI had undertaken community engagement and reached out to the  
23 City Council and City leadership staff, as AHP and CDSS had required TGI to do on February 6,  
24 2023, the City would have brought this issue to the people's attention by placing the issue on the  
25 agenda at a duly noticed City Council meeting, and this issue would have been subject to a full  
26 debate, where every interested person would have been given a chance to speak.

27 164. Plaintiff is informed and believes, and based thereon alleges, that given the current  
28 public sentiment, and feelings in the community towards TGI and this proposed project, which is

1 overwhelmingly negative, the general public would have spoken out against this proposed project  
2 at such a City Council meeting, and the City would have adopted an official position against  
3 TGI's proposed project to open a medical respite facility at the Lincoln Site.

4 165. Plaintiff is informed and believes, and based thereon alleges, that if TGI had  
5 timely reached out to the City Council and other City leadership staff when commanded to do so  
6 by AHP and CDSS, the City would have communicated its strong opposition to TGI's proposed  
7 medical respite facility to TGI, as well as to AHP and/or CDSS. The City would have told TGI  
8 that if it wants to undertake a medical respite project in Placer County, it should move forward  
9 with the proposed project in Roseville, which at that time was still a viable project, and it would  
10 have pointed out the downsides to opening a 105-bed medical respite facility at the Lincoln Site,  
11 which are discussed above.

12 166. Plaintiff is informed and believes, and based thereon alleges, that it also would  
13 have informed TGI, and AHP and/or CDSS of the enormous social costs that the City would be  
14 forced to undertake should this project open at the Lincoln Site, as discussed above, including the  
15 large costs associated with the City's police and fire personnel responding to the numerous  
16 anticipated calls for service. The City also would have informed TGI, and AHP and/or CDSS of  
17 the importance of keeping Gladding Ridge as a senior living facility, and would have educated  
18 these parties regarding the City's Housing Element update, and high demand within the City for  
19 senior housing, including affordable senior housing, to accommodate the City's aging population.

20 167. Plaintiff is informed and believes, and based thereon alleges, that it would have  
21 likewise explored partnering with the County of Placer for a CCE Preservation award to acquire  
22 the Lincoln Site itself for senior housing. As stated above, the City's population is aging, and  
23 there is a critical need for full-time senior housing, including affordable senior housing, within  
24 the City. Gladding Ridge was one of the largest senior housing complexes within the City when  
25 it was open, and it was identified as a key component of the City's Housing Element for meeting  
26 the demand for senior housing. If the City had known of TGI's plans, it would have voiced  
27 concern to TGI, AHP and CDSS, as well as California HCD, of the tremendous problem with the  
28 idea of removing Gladding Ridge from the available stock of full-time senior housing, which the

1 City desperately needs, and replacing that facility with a medical respite facility for persons  
2 experiencing homelessness, which neither the City, nor Placer County as a whole, actually needs.

3 168. In sum, Plaintiff is informed and believes, and based thereon alleges, that if the  
4 City had been timely informed of TGI's plan to put a 105-bed medical respite facility at the  
5 Lincoln Site, it would have done everything possible to stop the project for the social and policy  
6 reasons stated above, and Plaintiff is informed and believes, and based thereon alleges, that it  
7 would have succeeded in this effort, and that if CDSS had received input from the City, it would  
8 not have approved TGI's application for reconsideration and a re-review, and it would have either  
9 denied the application, or granted it, but for the Roseville Site, not the Lincoln Site.

10 169. Plaintiff is informed and believes, and based thereon alleges, that if TGI had  
11 undertaken community engagement in Lincoln when commanded to do so by AHP and CDSS,  
12 the City would have successfully convinced TGI to move forward with its original application in  
13 Roseville, or in the alternative, that the City would have convinced AHP and CDSS to have  
14 rejected the application for reconsideration and re-review, particularly in light of the City's  
15 current problem of trying to plan for more housing stock for full-time senior housing to  
16 accommodate the City's aging population.

17 **FIRST CAUSE OF ACTION FOR**  
18 **PRELIMINARY AND PERMANENT INJUNCTION –ABATEMENT OF PUBLIC**  
19 **NUISANCE (CIVIL CODE)**

20 (By City of Lincoln Against The Gathering Inn, and Does 1 through 10)

21 170. Plaintiff re-alleges and incorporates by reference the allegations set forth in  
22 paragraphs 1 through 169 above.

23 171. Plaintiff is informed and believes, and based thereon alleges, that Defendant TGI  
24 has violated, or may soon violate the City of Lincoln Municipal Code ("LMC"), California  
25 Building Code and California Fire Code by maintaining and occupying a building at the Lincoln  
26 Site with numerous violations of the California Building Code and California Fire Code. This  
27 building is currently unsafe for human habitation, and neither building permits nor a certificate of  
28 occupancy has been issued for the Lincoln Site by the City Building Official. To date, Plaintiff

1 has not applied to the City Building Official for all permits, which will be necessary to perform  
2 the work that is needed to bring the building at the Lincoln Site into compliance with all codes  
3 alleged herein and to make it safe for human habitation.

4 172. LMC Section 1.16.030 provides that any violation of the LMC is declared to be a  
5 public nuisance. LMC Section 8.08.050 provides that any violation of the Uniform Building  
6 Code, as incorporated into the California Building Code, which includes Plumbing and Electrical  
7 Codes, and California Fire Code, is declared to be a public nuisance.

8 173. The aforementioned actions of TGI constitute and/or will constitute a public  
9 nuisance, and if TGI performs the repair work for the violations that are identified in the reports,  
10 and/or opens a medical respite facility at the Lincoln Site without obtaining a certificate of  
11 occupancy, this will constitute a public nuisance within the meaning of Civil Code Sections 3479  
12 and 3480.

13 174. LMC Chapter 1.20 and Chapter 8.08 provide that the City may initiate this civil  
14 enforcement proceeding to abate nuisances, in lieu of or in addition to any administrative  
15 processes pursuant to the LMC.

16 175. Government Code Section 38773.5 provides that a city may adopt an ordinance  
17 that provides for recovery of attorneys' fees and costs in any action to abate a nuisance. LMC  
18 Section 8.08.100 provides for an award of attorney fees and costs.

19 176. TGI has threatened to and will, unless restrained by this Court, continue to  
20 maintain the public nuisance, and continue the acts complained of, and each and every act has  
21 been and will be, without the consent, against the will, and in violation of the LMC and the rights  
22 of the City.

23 177. The City has no plain, speedy or adequate remedy at law, and injunctive relief is  
24 authorized by Code of Civil Procedure Sections 526 and 731. Unless TGI is enjoined from the  
25 aforementioned actions, the City will suffer irreparable injury.

26 178. Plaintiff is informed and believes, and based thereon alleges, that TGI was  
27 planning to open a 105-bed medical respite facility at the Lincoln Site even though it knew, or at  
28 least should have known, that there were serious life-safety problems at the site, and that the

1 building needs major renovation work to become code compliant, and that TGI was willing to  
2 violate the law, and may still violate the law, and open the Lincoln Site without obtaining all  
3 required permits and certificates of occupancy. TGI has since promised the City that it will not  
4 open its facility without obtaining all required permits and certificates of occupancy, and for that  
5 reason, the City has not yet sought a temporary restraining order and/or preliminary injunction.  
6 However, should TGI break that promise and attempt to open without obtaining all required  
7 permits and certificates of occupancy, the City will seek a temporary restraining order and/or a  
8 preliminary injunction.

9  
10 **SECOND CAUSE OF ACTION FOR**  
11 **PRELIMINARY AND PERMANENT INJUNCTION, AND CIVIL PENALTIES—**  
12 **UNFAIR BUSINESS PRACTICES (BUSINESS AND PROFESSIONS CODE SECTION**  
13 **17200 ET. SEQ.)**

14 (By City of Lincoln, by and for the People of the State of California Against The  
15 Gathering Inn, and Does 1 through 10)

16 179. Plaintiff City, for the People of the State of California, including the People of the  
17 City of Lincoln re-alleges and incorporates by reference the allegations set forth in paragraphs 1  
18 through 178 above.

19 180. California Business and Professions Code Section 17200 prohibits unfair business  
20 practices, which includes any business practice that is unfair, unlawful or fraudulent.

21 181. California Business and Professions Code Section 17203 provides that any person  
22 who engages in, has engaged in, or proposes to engage in, unfair business practices may be  
23 enjoined in any court of competent jurisdiction. Section 17203 further provides for seeking  
24 injunctive relief, any person can pursue representative claims or relief on behalf of others only if  
25 the claimant meets the standing requirements of Section 17204 and complies with Code of Civil  
26 Procedure Section 382 [regarding representative claims], but that these limitations [i.e., the  
27 standing and representative claim limitations] do not apply to claims brought under this chapter  
28 by ... any city attorney or city prosecutor in this state. (Bus. & Prof. Code § 17203.)



1           182. California Business and Professions Code Section 17204 provides, in relevant part,  
2 that an action under Section 17200 may be brought by a city prosecutor in a city having a full-  
3 time city prosecutor in the name of the people of the State of California as long as he/she has the  
4 consent of the district attorney. (Bus. & Prof. Code § 17204.) As is alleged herein, Plaintiff is  
5 such a city with a full-time City Prosecutor. However, even if Plaintiff is not a city with a full-  
6 time City Prosecutor, the City Attorney may still bring this action pursuant to Section 17203  
7 because she is exempt from the standing requirement of Section 17204, insofar as Plaintiff only  
8 seeks injunctive relief by this cause of action and is not seeking civil penalties.

9           183. Plaintiff is a general law city, which means that it is organized under the laws of  
10 the state, and is subject to all constraints imposed by the general law. General law cities have  
11 those powers conferred by the California Constitution, including the “police power,” and those  
12 powers conferred by state law. (See Cal. Const. art XI, § 7.) The legislative power of a city  
13 under Article XI, Section 7 of the California Constitution within its boundaries is as broad as that  
14 of the state legislature, subject only to limitations of general law. (*See Candid Enters., Inc. v.*  
15 *Grossmont Union High Sch. Dist.* (1985) 39 Cal.3d 878, 885.)

16           184. Included with the City’s police powers is the ability to enact and enforce municipal  
17 ordinances regulating conditions that may become a nuisances or health hazard, or that promote  
18 social, economic or aesthetic considerations. (See Cal. Const. art. XI, § 7.) The City Council for  
19 the City has enacted the Lincoln Municipal Code (“LMC”), which, among other things, provides  
20 for the enactment and enforcement of municipal laws that regulate conditions within the City.  
21 Chapter 2.17 of the LMC establishes the office of City Attorney, which allows for this official to  
22 be appointed by the City Council. A true and correct copy of Chapter 2.17 of the LMC is  
23 attached hereto as Exhibit “V,” and is incorporated by reference herein.

24           185. Plaintiff has appointed Kristine Mollenkopf to serve as City Attorney, and she is a  
25 full-time employee and official of the City. Her duties are set forth as mandatory duties in LMC  
26 Section 2.17.040. Among other duties, Ms. Mollenkopf “shall” ... “(4) Prosecute on behalf of the  
27 people cases for violations of city ordinances.” (LMC § 2.17.040(4).)  
28

1           186. In addition to the powers and duties set forth in Chapter 2.17 of the LMC,  
2 Ms. Mollenkopf also has the power conferred on her by state law to prosecute any misdemeanor  
3 committed within the City arising out of a violation of state law, provided she receives consent of  
4 the district attorney. (Gov. Code § 41803.5.) Ms. Mollenkopf's powers in this regard include the  
5 power to issue subpoenas in a like manner as the district attorney. (See Gov. Code § 41803.7.)  
6 This is an enabling statute that is designed to implement a city attorney's prosecutorial function  
7 when she undertakes it. (*See Montgomery v. Superior Court* (1975) 46 Cal.App.3d 657, 666.)

8           187. LMC Section 2.17.040 requires that Ms. Mollenkopf act as the City Prosecutor  
9 and prosecute all violations of local law in the name of the people, and when she has consent of  
10 the District Attorney, as is the case here, Ms. Mollenkopf has the power to prosecute any  
11 violation of state law. As such, while the City is not a charter city, and while it has not created a  
12 separate and distinct "office of city prosecutor," Ms. Mollenkopf has conferred upon her, through  
13 both state and local law, all of the powers and duties of a city prosecutor that are set forth in  
14 Government Code Section 72193.

15           188. Business and Professions Code Section 17204 does not differentiate between city  
16 prosecutors in charter cities and general law cities, and it is not limited to conferring standing on  
17 city prosecutors in charter cities only. The Legislature did not draw such a distinction between  
18 charter cities and general law cities when it drafted Section 17204. Ms. Mollenkopf serves as the  
19 City of Lincoln's "City Prosecutor;" she is a full-time office holder with the City, and she has the  
20 power and duty to perform all of the same prosecutorial functions as prosecutors in charter cities.  
21 The District Attorney has authorized her to bring this action, and she therefore has standing under  
22 Business and Professions Code Section 17204.

23           189. However, in the alternative, even if Ms. Mollenkopf is found not to be a full-time  
24 city prosecutor under Section 17204, she still has standing to bring this action for a public  
25 injunction under Business and Professions Code Section 17203, which specifically provides that  
26 the standing requirements of Section 17204 do not apply to "city attorneys" or "city prosecutors."  
27 (Bus. & Prof. Code § 17203.) As such, even if it is found that Ms. Mollenkopf is not a full-time  
28 City Prosecutor, there is no dispute that she is a full-time, in-house City Attorney for the City of

1 Lincoln. She has been given consent by the District Attorney, and she therefore has standing to  
2 bring this action.

3 190. Plaintiff is informed and believes, and based thereon alleges, that TGI has violated  
4 federal, state and/or local law as set forth above, and that these violations constitute unfair  
5 business practices for which a public injunction should be issued. These violations include, but  
6 are not necessarily limited to, (i) submitting a false and misleading application to CDSS for CCE  
7 Program funds, wherein TGI did not engage in local community outreach, and did not have local  
8 support, for the project at the Lincoln Site, (ii) falsely representing to CDSS that the Lincoln Site  
9 was a “move-in ready” or “turnkey” operation and was capable of being operated as a medical  
10 respite facility without improvements, when in reality, the Lincoln Site needs substantial  
11 improvements to be habitable, (iii) submitting an appraisal report of the Lincoln Site that was  
12 knowingly inflated, and which duped CDSS and Horne into believing that the purchase for the  
13 Lincoln Site was lower than its fair market value, when in reality the purchase price was more  
14 than the fair market value, and (iv) requesting that AHP and CDSS allow it to edit its application  
15 for CCE Program funds, and change out the location of the proposed project from the Roseville  
16 Site to the Lincoln Site, when TGI knew that such edits were not permitted, because allowing an  
17 applicant to edit an application once it is submitted gives that applicant an unfair advantage over  
18 all of the other applicants who do not have such an opportunity.

19 191. Plaintiff is informed and believes, and based thereon alleges, that TGI likewise has  
20 also violated and/or will violate state and local law by constructing improvements at the Lincoln  
21 Site and preparing it for human habitation without correcting major life-safety deficiencies to the  
22 structure at the Lincoln Site, and without obtaining a certificate of occupancy. These violations  
23 and continuing behavior constitute unlawful business practices under Business and Professions  
24 Code Section 17200.

25 192. As a result of TGI’s unfair business practices, the City brings this action in the  
26 name of the People of California for injunctive relief, and Plaintiff seeks to enjoin such conduct.  
27 Plaintiff has no plain, speedy or adequate remedy at law, and injunctive relief is authorized by  
28

1 Business and Professions Code Section 17203. Unless TGI is enjoined from the aforementioned  
2 actions, the City will suffer irreparable injury.

3 193. The City is informed and believes, and based thereon alleges, that Plaintiff will  
4 continue to violate the law unless restrained, and Plaintiff will therefore seek a temporary  
5 restraining order and/or a preliminary injunction.

6 **THIRD CAUSE OF ACTION FOR**  
7 **PETITION FOR WRIT OF MANDATE (CODE OF CIVIL PROCEDURE**  
8 **SECTION 1085)**

9 (By City of Lincoln Against CDSS, Horne and Does 11-15)

10 194. Plaintiff re-alleges and incorporates by reference the allegations set forth in  
11 paragraphs 1 through 193, above.

12 195. The elements of a claim for issuance of a writ of traditional mandate are: (1) a  
13 clear, present, and usually ministerial duty upon the part of the respondent, and (2) a clear,  
14 present, and beneficial right in the petitioner to the performance of that duty. (Code Civ. Proc.  
15 § 1085; *People ex rel. Younger v. County of El Dorado* (1971) 5 Cal.3d 480, 490-91.) Although  
16 mandate will not lie to force a public entity's exercise of discretion in a particular manner, it will  
17 lie to correct abuses of discretion. (*CV Amalgamated LLC v. City of Chula Vista* (2022) 82  
18 Cal.App.5th 265, 279.)

19 196. Plaintiff is informed and believes, and based thereon alleges, that CDSS and/or  
20 Horne have a clear, present and ministerial duty to deny TGI's request for reconsideration and a  
21 re-review of its application for CCE Program Capital Expansion funds (Application No. CCE-  
22 1767623224), which TGI submitted on February 13, 2023. (See Ex. "N.") Plaintiff is further  
23 informed and believes, and based thereon alleges, that CDSS and/or Horne also have a clear,  
24 present and ministerial duty (i) to deem TGI to not be a "qualified grantee" under AB 172, (ii) to  
25 deem that TGI's medical respite facility at the Lincoln Site is not a "qualified project" to have  
26 received funds under the CCE Program, and (iii) to cease any and all further funding of TGI's  
27 medical respite facility at the Lincoln Site, including but not limited to any COSR payments.  
28 This is so for multiple reasons as alleged above, including but not limited to the following:

- (1) The Joint RFA is a regulation that controls CDSS’s and/or Horne’s review of applications for CCE Program Capital Expansion funds because it was included as part of the June 10, 2022 ACWDL. (See Ex. “F.”) The ACWDLs are “similar instruction” to “all county letters,” (see Ex. “A,”) and as such under AB 172, the Joint RFA has the force of regulation. CDSS and/or Horne have a mandatory duty to follow all requirements set forth in the Joint RFA, and to deny any application where the applicant does not meet the minimum criteria.
- (2) At a minimum, the Joint RFA constitutes published internal rules of CDSS, and CDSS and/or Horne have a mandatory duty to follow all such internal rules in awarding CCE Program funds. (*See Pozar v. Dept. of Transportation* (1983) 145 Cal.App.3d 269, 271.)
- (3) The Joint RFA provides that “[a]pplications cannot be edited once submitted.” (See Ex. “C,” § 2.2.) TGI’s request for reconsideration and a re-review of its application constitutes such an impermissible edit, as TGI sought to replace the Roseville Site with the Lincoln Site, after the application had already been submitted and was under consideration. As such, CDSS and/or Horne had a ministerial duty to reject any attempt by TGI to edit its application after it was submitted, and the request for a re-review submitted on February 13, 2023 should not have been considered at all.
- (4) Even if the request for reconsideration and a re-review was allowed under the Joint RFA, which it was not, CDSS, through its third-party administrator, AHP, imposed additional requirements upon TGI when it sought to obtain such reconsideration and a re-review of its application for the Lincoln Site, i.e., AHP required that TGI was required to provide a “description of community engagement and local support, including support letters for the specific address proposed, an updated Community Engagement Tracking Form [i.e. the “Form 6”], and a detailed description of any community opposition to your proposed project (and how you have or propose to overcome that opposition.)” (Ex. “M.”)

(5) TGI submitted its application for reconsideration and a re-review on February 13, 2023, and yet it did not undertake any community engagement in Lincoln, nor did it submit an undated “Form 6,” nor did it provide a detailed description of community opposition and its plans to overcome that opposition.

197. In the alternative, Plaintiff is informed and believes, and based thereon alleges, that CDSS and/or Horne abused their discretion in awarding CCE Capital Expansion funds to TGI, and mandate should lie to correct the abuse of discretion. Based on the above-stated facts, CDSS’ and/or Horne’s decision to accept TGI’s reconsideration and re-review of its application, and then their approval of this edited application, was lacking in any factual support, and was arbitrary and capricious, and CDSS and/or Horne failed to conform to regulation and procedures required by law.

198. Even leaving aside the fatal flaws in the application review process, as alleged above, there is no need for a 105-bed medical respite facility within the City, and Placer County’s and the City’s PIT counts are relatively low, and dropping. Placer County has the lowest rate of homelessness of any county in Northern California, and yet CDSS and/or Horne have now approved what will be the third largest medical respite facility in the State of California, and this project, if opened, will be the eighth largest project in the state in terms of total number of beds of all the CCE Program Capital Expansion projects, and the largest in the Sacramento region. The number of persons experiencing homelessness in Sacramento County is almost 10 times greater than in Placer County, and yet the population of Sacramento is only 3.5 times the population of Placer County. There is no legitimate reason for the largest CCE Capital Expansion project in the Sacramento region to be in a small city in Placer County.

199. The City has a clear, present, and beneficial right to the performance of the duties set forth above. This is so for multiple reasons as alleged above, including but not limited to the following:

- (1) The Joint RFA, and in particular “Form 6,” shows a clear and unequivocal intent on the part of CDSS that civic leaders, i.e., local government elected officials and key staff, as well as local residents, must be engaged by any applicant for CCE

1 Program funds. When CDSS and DHCS officials prepared the “Form 6”  
2 document to be included with the Joint RFA, they deliberately added “residents”  
3 and “civic leaders” to the list of “stakeholders” who the applicant was required to  
4 engage from the template they were using from Project Homekey. They did so  
5 because CDSS and DHCS wanted to make sure that private entities (for profit or  
6 nonprofit) that applied for project funds would have to engage the local residents  
7 and the local government leaders (e.g., the city council), and involve them in the  
8 project development. (Compare Exs. “D” and “E.”) This was an important  
9 component of the Joint RFA.

10 (2) The City does not have the public safety resources needed to make sure that guests  
11 of the Lincoln Site, as well as the neighboring communities, are safe. The City has  
12 a police force of only 28 sworn officers, and there are only 18 full-time employees  
13 in the fire department, with no full-time paramedics on staff. Based on calls for  
14 service at TGI’s other facilities in the County, the City anticipates that there will  
15 be approximately 700 to 750 calls for service per year where the City’s first  
16 responders would have to deploy personnel in response should the Lincoln Site  
17 open for business. The City does not have a sufficient number of first responders  
18 to handle this number of calls for service, and to also address the current needs of  
19 City residents.

20 (3) The City does not have the financial ability to absorb the huge increase in public  
21 safety resources that will be needed if TGI opens the Lincoln Site. As stated  
22 above, the City anticipates that it will be forced to incur first responder costs of  
23 approximately \$500,000 to \$1.5 million per year, which will have to be funded  
24 from the City’s general fund. That is an expense the City cannot afford, and the  
25 City will be forced to shoulder this burden entirely on its own, with no help from  
26 the County, other cities within the County, Sacramento County, or the State of  
27 California, even though these other public entities will, in theory, all benefit from  
28

1 having the eighth largest CCE Capital Expansion project, and the third largest  
2 medical respite facility in the State of California, in Lincoln.

3 (4) Moreover, TGI has applied for and been awarded tax-exempt status for the Lincoln  
4 Site, which means that TGI will contribute nothing to the City's general fund to  
5 help offset these costs, and the City will have no ability to compel TGI to  
6 contribute through the exercise of its land use authority, which the Legislature has  
7 entirely removed.

8 (5) As the City's Housing Element update confirms, there is a large senior population  
9 within the City, with approximately 37% of the City's population being age 55 and  
10 over. There is a critical need for specifically designated full-time senior residential  
11 housing within the City, including full-time affordable senior residential housing  
12 units, in order to meet the housing needs of the City's aging population. The  
13 City's Housing Element update relies upon Gladding Ridge as one of the major  
14 sources of full-time senior residential housing stock, and without this facility, the  
15 City will have to re-work its Housing Element update, which it prepared in 2021 at  
16 great expense, and it is unknown whether the City will be able to plan for  
17 sufficient housing to meet the needs of its aging population, and thus comply with  
18 state laws that govern Housing Elements.

19 200. Plaintiff has no plain, speedy or adequate remedy at law, and it seeks a traditional  
20 writ of mandate, compelling CDSS and/or Horne as set forth above. CDSS and/or Horne should  
21 be compelled to deny TGI's request for reconsideration and a re-review of its application. CDSS  
22 and/or Horne should also be compelled (i) to deem TGI not to be a "qualified grantee," (ii) to  
23 deem that TGI's medical respite facility at the Lincoln Site is not a "qualified project" to have  
24 received funds, and (iii) to cease any and all further funding of TGI's medical respite facility at  
25 the Lincoln Site.



**FOURTH CAUSE OF ACTION FOR  
DECLARATORY RELIEF (CODE OF CIVIL PROCEDURE SECTION 1060)**

(By City of Lincoln Against all Defendants)

201. Plaintiff re-alleges and incorporates by reference the allegations set forth in paragraphs 1 through 200, above.

202. An action for declaratory relief lies when the parties are in fundamental disagreement over the construction of a written instrument, including a regulation or legislation. (*Alameda County Land Use Assn. v. City of Hayward* (1995) 38 Cal.App.4th 1716, 1723.) Privity of contract between the plaintiff and defendant is not a requirement of a declaratory relief claim. (*Siliciano v. Fireman's Fund Ins. Co.* (1976) 62 Cal.App.3d 745, 753.)

203. Plaintiff is informed and believes, and based thereon alleges, that a dispute, and actual and justiciable controversy, has arisen and now exists between the City and TGI, and also that an actual and justiciable controversy has arisen and now exists between the City on the one hand, and CDSS and/or Horne on the other hand, concerning the parties' respective rights, obligations and duties under both the Joint RFA, and under the PFA. This dispute relates to and will guide future conduct, and is not related solely to past wrongs.

204. Plaintiff is informed and believes, and based thereon alleges, that the Joint RFA requires that applications for CCE Program funds may not be edited after submission. The City contends that this language in the Joint RFA, which as shown above, functions as regulation, or at least a published program rule, requires that once an application for CCE Capital Expansion project funds is submitted, the location for the proposed project cannot be changed for another location in a different city, as that constitutes an improper edit to the application.

205. Plaintiff is informed and believes, and based thereon alleges, that TGI, and CDSS and Horne, dispute this interpretation, and that they allege that an applicant for CCE Program funds can, at the discretion of CDSS and its third-party administrator, submit a request for reconsideration and a re-review of an application for a different project location, and that this does not constitute a post-submission edit in violation of the Joint RFA.

1           206. Plaintiff is informed and believes, and based thereon alleges, that the Joint RFA,  
2 and in particular “Form 6,” requires that any applicant for CCE Capital Expansion project funds  
3 must reach out to *all* “stakeholders,” i.e., “community based organizations, members of the target  
4 population, residents, civic leaders, and frontline staff.” The City contends that this language in  
5 the Joint RFA, which as shown above, functions as regulation, or at least a published program  
6 rule, requires that all of the listed “stakeholders” in “Form 6,” including residents and civic  
7 leaders, be meaningfully engaged as part of an applicant’s community outreach for its application  
8 for CCE Program funds.

9           207. Plaintiff is informed and believes, and based thereon alleges, that TGI, and CDSS  
10 and Horne, dispute this interpretation, and that they allege that an applicant for CCE Program  
11 funds need only make a showing that it reached out to at least one of the listed “stakeholders” in  
12 order for the community engagement requirement of the application to be deemed complete, and  
13 that an applicant need not necessarily reach out to the local community in order to comply with  
14 the community engagement aspect of the application. Plaintiff is informed and believes, and  
15 based thereon alleges, that Defendants contend that CDSS and its third-party administrator have  
16 discretion to overlook this requirement of the application, and that they may deem an application  
17 complete as long as the applicant attempts any engagement with any of the listed stakeholders.

18           208. Plaintiff is informed and believes, and based thereon alleges, that the City has an  
19 interest in the CCE Program requirements that are set forth in the Joint RFA and that have the  
20 effect of regulation, or at least is a published program rule, and the City further has an interest in  
21 the PFA between TGI and Horne, because the CCE Program requirements as set forth in the Joint  
22 RFA and the PFA require an applicant like TGI to demonstrate local community engagement and  
23 outreach to civic leaders, and to show that civic leaders and local residents have been involved in  
24 the planning and development of the project.

25           209. Plaintiff is informed and believes, and based thereon alleges, that while this  
26 conduct alleged herein describes past wrongdoings of Defendants, i.e., an application that was  
27 already submitted and approved, and a PFA that has already been entered into, all in violation of  
28

1 the Joint RFA, a declaration regarding rights and obligations under the Joint RFA is imperative to  
2 guide the parties' future conduct, and as such there is an actual, justiciable and ripe controversy.

3 210. Plaintiff is informed and believes, and based thereon alleges, that because of these  
4 past wrongdoings as alleged, TGI is not a "qualified grantee" as this term is used in AB 172, and  
5 its project for a medical respite facility at the Lincoln Site is not a "qualified project" to have  
6 received funds, as this term is used in AB 172. Plaintiff is informed and believes, and based  
7 thereon alleges, that TGI, CDSS and Horne dispute that TGI is not a "qualified grantee" and that  
8 the project is not a "qualified project."

9 211. Plaintiff seeks a declaration from the Court that TGI is not a "qualified grantee,"  
10 and that its proposed medical respite facility at the Lincoln Site is not a "qualified project." Such  
11 a finding would have the effect of rendering the PFA an agreement in violation of public policy,  
12 and thus void *ab initio*. Plaintiff is informed and believes, and based thereon alleges, that the  
13 PFA is void *ab initio*, which Defendants, and each of them, dispute. Plaintiff seeks a declaration  
14 from the Court that the PFA is void *ab initio*.

15 212. A declaration of the legal status of, and the parties' rights and obligations under,  
16 the Joint RFA, and the PFA, and whether or not it is void *ab initio*, will provide preventative  
17 benefit to the parties, and there is an actual controversy for which declaratory relief is appropriate.  
18 (*See Babb v. Superior Court* (1971) 3 Cal.3d 841, 848.) This is so for two reasons. First, should  
19 TGI be deemed not a "qualified grantee," should the project be deemed not a "qualified project,"  
20 and/or should the PFA be declared void *ab initio*, then CDSS and/or Horne will have no legal  
21 basis in which to make further payments of CCE Program funds for the project, including any  
22 payments of the COSR, which have not yet occurred. When it executed the PFA, TGI  
23 represented that it will comply with all State Requirements [Attachment "A" to PFA]; it  
24 represented that it was free to enter into the PFA, and that it shall comply with all applicable laws  
25 and regulations. (See Ex. "S," [Horne 000628-633].) TGI did not comply with all such State  
26 Requirements before the PFA was executed, and this renders the PFA void *ab initio*. Plaintiff is  
27 informed and believes, and based thereon alleges, that Defendants, and each of them, dispute that  
28 TGI failed to comply with all State Requirements, and dispute that the PFA is void *ab initio*.

1           213. A declaration of the legal status of the PFA and the parties’ rights and obligations  
2 thereunder is critical because Plaintiff is informed and believes, and based thereon alleges, that  
3 CDSS and Horne should make no further payments to TGI under the PFA, including any  
4 payments of the COSR under the COSR agreement. (See Ex. “S,” [Horne 000746-758].) There  
5 is at least \$1 million of state taxpayer money for this CCE Program grant that has not yet been  
6 spent, and this money should not be spent on a grantee that is not qualified, on a project that is not  
7 qualified, and pursuant to a PFA that is void *ab initio*. Plaintiff is informed and believes, and  
8 based thereon alleges, that Defendants, and each of them, dispute this, and that they contend that  
9 the PFA is not void *ab initio*, that TGI is a qualified grantee, and that the Lincoln Site is a  
10 qualified project, and that CDSS and Horne may continue to make payments of CCE Program  
11 funds to TGI under the PFA, as well as the COSR agreement. A declaration is necessary to  
12 provide the parties with preventative benefit, and there is a present and justiciable controversy for  
13 the Court to now resolve.

14           214. Second, Plaintiff is informed and believes, and based thereon alleges, that should  
15 the Court declare that TGI is not a “qualified grantee,” and/or that its proposed medical respite  
16 facility at the Lincoln Site is not a “qualified project,” and/or that the PFA is void *ab initio*, then  
17 the provision exempting TGI’s project at the Lincoln Site from local land use authority will no  
18 longer apply. TGI’s proposed use of the Lincoln Site is not consistent with a Business  
19 Professional use that is allowed as a matter of right in the zoning district in which the Lincoln Site  
20 is located. LMC Section 1.16.030 provides that any violation of the LMC is declared to be a  
21 public nuisance. LMC Section 18.98.050 provides that any use of property in violation of the  
22 Zoning Ordinance is unlawful and is a nuisance, and may be abated. The City desires to exercise  
23 its police power and abate the improper use of the Lincoln Site as a medical respite center in  
24 violation of the Zoning Ordinance. However, under AB 172, qualified projects that use CCE  
25 Program funds are exempt for local land use authority.

26           215. The City desires a declaration of whether TGI is a “qualified grantee,” and/or that  
27 its proposed medical respite facility at the Lincoln Site is a “qualified project,” so that the City is  
28 informed as to whether or not it may exercise its local land use authority at the Lincoln Site. The

1 City contends that it is permitted to exercise its local land use authority insofar as TGI is not a  
2 “qualified grantee,” and/or the Lincoln Site is not a “qualified project,” and/or the PFA is void *ab*  
3 *initio*. The City is informed and believes, and based thereon alleges that Defendants, and each of  
4 them, dispute this. A declaration is necessary to provide the parties with preventative benefit, and  
5 there is a present and justiciable controversy for the Court to adjudicate.

6 **FIFTH CAUSE OF ACTION FOR**  
7 **DECEIT/CONCEALMENT (CIVIL CODE SECTIONS 1709 AND 1710)**

8 (By City of Lincoln Against The Gathering Inn, and Does 1-10)

9 216. The City re-alleges and incorporates by reference the allegations set forth in  
10 paragraphs 1 through 215, above.

11 217. The City is informed and believes, and based thereon alleges, that TGI had a duty  
12 to reach out to civic leaders in the City of Lincoln, including the City Council and top City staff,  
13 and to seek and obtain their support for the proposed project at the Lincoln Site, which was a  
14 precondition to TGI submitting an application for CCE Program funds. This duty is set forth in  
15 the Joint RFA, which has the same force and effect as regulation, or at a minimum, is a critical  
16 rule of the CCE Program that must be followed. TGI was applying for CCE Capital Expansion  
17 funds, and the Joint RFA, including “Form 6,” specifically provides that an applicant for such  
18 funds must reach out to, and meaningfully engage “civic leaders,” (i.e., the City Council and top  
19 City Staff) and meaningfully involved them in the visioning and development of the project.

20 218. As stated above, Plaintiff is informed and believes, and based thereon alleges, that  
21 CDSS consciously and deliberately included “civic leaders” as part of the “stakeholders” that an  
22 applicant must meaningfully engage because CDSS considered the “siting” of a planned project,  
23 i.e., the balancing the needs of persons experiencing homelessness with local community  
24 concerns and needs, to be a critical component of the program, and CDSS expressly indicated that  
25 local civic leaders had to be a part of the development process for any application for CCE  
26 Program funds.

27 219. Plaintiff is informed and believes, and based thereon alleges, that TGI knew that  
28 its application for CCE Program funds required a showing of local community engagement and

1 support, and knew that it was required to engage civic leaders within the City of Lincoln, involve  
2 them the visioning and development of the project, and seek to obtain their support for the project  
3 prior to submitting an application for CCE Program funds.

4 220. Nevertheless, TGI failed/ignored its duty to engage the City's elected leaders and  
5 staff, meaningfully involve them in the visioning and development of the project, and seek to  
6 obtain local community support within the City of Lincoln prior to submitting its application for  
7 CCE Program funds, and TGI concealed its acquisition of the Lincoln Site and its project to open  
8 a medical respite center at the Lincoln Site until after it had successfully secured CCE Program  
9 funds, and had acquired the Lincoln Site. TGI never notified anyone within the City of Lincoln,  
10 let alone the City Council and top City Staff, of its plans to use the Lincoln Site as an alternate  
11 site to the Roseville Site, until after it had been awarded CCE Program funds, and until it was  
12 ready to close escrow on the Lincoln Site. In so doing, TGI concealed the true facts from  
13 Plaintiff.

14 221. Furthermore, in the alternative, Plaintiff is informed and believes, and based  
15 thereon alleges, that TGI disclosed some facts regarding its plan to open a medical respite center  
16 in Lincoln to Plaintiff, but intentionally failed to disclose critical facts, thereby making its  
17 disclosure deceptive. In January 2023, TGI's CEO Keith Diederich met with Councilmember  
18 Andreatta at the Waffle Shop because he wanted to test whether she might be an ally for the  
19 proposed medical respite project TGI was currently negotiating in Lincoln, such that TGI could  
20 potentially rely on her for a letter of support.

21 222. Plaintiff is informed and believes, and based thereon alleges, that at this time TGI  
22 had a verbal commitment from Western Care to sell it the Lincoln Site for its proposed medical  
23 respite center, and TGI was planning to discuss with AHP (and thus CDSS) whether it could edit  
24 its application for CCE Program funds and substitute the Lincoln Site in place of the Roseville  
25 Site. This was critical information that Mr. Diederich knew and should have disclosed, but  
26 instead he merely asked Councilmember Andreatta whether she would be open to the possibility  
27 of TGI opening a facility in Lincoln.  
28

223. By disclosing some information to Councilmember Andreatta, e.g., that such an opportunity for a site in Lincoln might occur at some time, but failing to disclose other critical facts, e.g., that there was already a verbal commitment from Western Care to sell the Lincoln Site to TGI, and that TGI was planning to seek to edit and amend its application for CCE Program funds to replace to move the proposed medical respite facility to the Lincoln Site, Mr. Diederich, on behalf of TGI, engaged in deceitful concealment. (*See Cicone v. URS Corp.* (1986) 183 Cal.App.3d 194, 201.)

224. TGI's concealment denied the City of any opportunity to be heard and to otherwise participate in the process before the CCE Program funding was awarded for the project at the Lincoln Site, and it denied the City the opportunity to seek to mitigate the harms of a project at the Lincoln Site, which was intended by the CCE Program funding requirements.

225. Plaintiff is informed and believes, and based thereon alleges, that if TGI had timely reached out to the City Council and other City leadership staff when commanded to do so by AHP and CDSS, the City would have communicated its strong opposition to TGI's proposed medical respite facility to TGI, as well as to AHP and/or CDSS. The City would have told TGI that if it wants to undertake a medical respite project in Placer County, it should move forward with the proposed project in Roseville, which at that time was still a viable project.

226. If the City had been timely informed of TGI's plan to put a 105-bed medical respite facility at the Lincoln Site, it would have everything possible to stop the project for the social and policy reasons stated above, including seeking to partner with the County of Placer to apply for a CCE Preservation award, to preserve Gladding Ridge for critically important senior housing stock, and Plaintiff is informed and believes, and based thereon alleges, that it would have succeeded in its effort to stop TGI's misguided project, and that if CDSS had received input from the City, it would not have approved TGI's application for reconsideration and a re-review, and it would have either denied the application, or granted it for the Roseville Site, not the Lincoln Site.

227. Plaintiff has no plain, speedy or adequate remedy at law because Plaintiff is informed and believes, and based thereon alleges, that CDSS and Horne will continue to allow

1 TGI to use the ill-gotten CCE Program funds that TGI acquired through fraud and concealment.  
2 For the reasons discussed above, there is no reason to open a 105-bed medical respite facility in  
3 the City given the relatively small homeless population within the City and County at large, and  
4 this facility will be in close proximity to a middle school. CDSS and Horne will continue to fund  
5 TGI's project, which was wrongfully obtained in violation of law and regulation, unless TGI is  
6 restrained from doing so by the Court.

7 228. In the alternative, as a direct and proximate result of TGI's deceit and concealment  
8 as alleged herein, the City has been and/or will be damaged in an amount to be proved at trial, but  
9 in excess of the jurisdictional minimum of this Court.

10 229. The City is informed and believes, and based thereon alleges, that TGI acted with  
11 oppression, fraud and malice, which entitles the City to an award of punitive damages.

12 230. Plaintiff is informed and believes and, based thereon alleges, that TGI's deceit  
13 and/or concealment as stated herein was malicious, fraudulent, oppressive and unconscionable,  
14 and that an award of exemplary and punitive damages is warranted in amount to be proven at  
15 trial.

16 **SIXTH CAUSE OF ACTION FOR**  
17 **FRAUD AND CONCEALMENT (TORT OF ANOTHER DOCTRINE)**

18 (By City of Lincoln Against The Gathering Inn, and Does 1-10)

19 231. Plaintiff re-alleges and incorporates by reference the allegations set forth in  
20 paragraphs 1 through 230, above.

21 232. Plaintiff is informed and believes, and based thereon alleges, that TGI knew that it  
22 was not permitted to edit its application once submitted, and that TGI knew that its application for  
23 CCE Program funds required a showing of local community engagement and support, and that  
24 there had been no local community engagement and there was no local support for the proposed  
25 project at the Lincoln Site. Nevertheless, TGI misrepresented and/or concealed the true facts  
26 from CDSS, AHP, Horne and the City, and TGI fraudulently induced CDSS and/or Horne into  
27 awarding TGI CCE Program funds, and entering into the PFA with TGI. The City is further  
28 informed and believes, and based thereon alleges, that TGI misrepresented to CDSS, AHP and/or



1 Horne that the Lincoln Site is “move in ready,” and a “turnkey” operation, and that no  
2 renovations were needed to operate a medical respite facility. In reality, the existing building at  
3 the Lincoln Site requires substantial improvements and upgrades in order to bring the facility into  
4 compliance with the California Building Code and California Fire Code.

5 233. Plaintiff is informed and believes, and based thereon alleges, that CDSS, AHP  
6 and/or Horne relied on TGI’s misrepresentations in awarding CCE Program funds to TGI.  
7 Plaintiff is further informed and believes, and based thereon alleges, that TGI had a duty to  
8 inform CDSS, AHP and Horne of the true facts regarding community engagement and support, as  
9 well as the condition of the building located on the Lincoln Site. TGI likewise had a duty to  
10 engage civic leaders within the City, and inform the City of its plans to open a medical respite  
11 facility at the Lincoln Site, prior to submitting its request for a re-review of its application.

12 234. Plaintiff is informed and believes, and based thereon alleges, that CDSS, AHP  
13 and/or Horne reasonably relied on the misrepresentations, and were fraudulently induced to  
14 approve TGI’s incomplete and improper application, and to enter into the Program Funding  
15 Agreement with TGI. The City did not know the true facts, and as stated herein, would have  
16 acted differently had it known the true facts.

17 235. As a direct and proximate result of TGI’s fraud and concealment, the City has been  
18 and/or will be damaged in an amount to be proven at trial, but in excess of the jurisdictional  
19 minimum of this Court. The City has been forced and will be forced to incur attorneys’ fees in  
20 bringing this action to compel CDSS and/or Horne to rescind the acceptance of TGI into the CCE  
21 Program, to terminate the Program Funding Agreement and to recover the CCE Program funds  
22 that were improperly provided. The City has been forced to bring this action to protect its  
23 citizens, as well as all taxpayers in California, against TGI improperly opening a medical respite  
24 facility at the Lincoln Site, and the City now asserts attorneys’ fees that it has and will incur in  
25 this action as damages under the Tort of Another Doctrine.  
26  
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28

**PRAYER**

WHEREFORE, Plaintiffs pray for judgment as follows:

**ON THE FIRST CAUSE OF ACTION**

1. For a preliminary and permanent injunction, enjoining The Gathering Inn from maintaining violations of State and local law, and requiring them to cure all violations of law, and to abate all nuisance conditions on the Lincoln Site to the satisfaction of Plaintiff within a reasonable period of time, and certainly prior to opening the facility;

2. For attorneys' fees (if and as allowed by law) and costs; and

3. For such other and further relief as is just and proper.

**ON THE SECOND CAUSE OF ACTION**

4. For a preliminary and permanent injunction, enjoining The Gathering Inn from maintaining violations of state and local law at the Lincoln Site, enjoining The Gathering Inn to keep the facility at the Lincoln Site closed, and compelling The Gathering Inn to abandon the project at this site, and to either seek an alternate site, or to refund the CCE Program funds that it received from CDSS for the project;

5. For attorneys' fees (if and as allowed by law) and costs; and

6. For such other and further relief as is just and proper.

**ON THE THIRD CAUSE OF ACTION**

7. For issuance of a writ of mandate directing CDSS and Horne to deny TGI's request for a reconsideration and re-review of its application for CCE Program Capital Expansion funds (Application No. CCE-1767623224), which TGI submitted on February 13, 2023;

8. For issuance of a writ of mandate directing CDSS and Horne to (i) deem TGI to not be a "qualified grantee" under AB 172, (ii) deem that TGI's medical respite facility at the Lincoln Site is not a "qualified project" to have received funds under the CCE Program, and/or (iii) cease any and all further funding of TGI's medical respite facility at the Lincoln Site, including but not limited to any COSR payments;

9. For attorneys' fees (if and as allowed by law) and costs; and

10. For such other and further relief as is just and proper.

ON THE FOURTH CAUSE OF ACTION

11. For a declaratory judgment that TGI is not a “qualified grantee” as this term is used in AB 172;

12. For a declaratory judgment that TGI’s project for a medical respite facility at the Lincoln Site is not a “qualified project” to have received funds, as this term is used in AB 172;

13. For a declaratory judgment that the PFA between TGI and Horne is void *ab initio*;

14. For attorneys’ fees (if and as allowed by law) and costs; and

15. For such other and further relief as is just and proper.

ON THE FIFTH CAUSE OF ACTION

16. For a preliminary and permanent injunction, enjoining The Gathering Inn from maintaining violations of State and local law at the Lincoln Site, enjoining The Gathering Inn to keep the facility at the Lincoln Site closed, and compelling The Gathering Inn to abandon the project at this site, and to either seek an alternate site, or to refund the CCE Program funds that it received from CDSS for the project;

17. For damages in an amount to be determined at trial;

18. For punitive damages in an amount to be determined at trial;

19. For costs; and

20. For such other and further relief as is just and proper.

ON THE SIXTH CAUSE OF ACTION

21. For attorneys’ fees as damages in an amount to be determined at trial;

22. For costs; and

23. For such other and further relief as is just and proper.

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Dated: July 24, 2025

BEST BEST & KRIEGER LLP

By: Christopher M. Pisano  
CHRISTOPHER M. PISANO  
PATRICIA URSEA  
CINDY Z. SHI  
Attorneys for Plaintiff/Petitioner  
CITY OF LINCOLN

# **EXHIBIT A**



## Social Services

# Letters and Notices

- [All County Information Notices \(ACINs\)](#)
- [All County Letters \(ACLs\)](#)
- [All County Welfare Director Letters \(ACWDL\)](#)
- [All Tribal Leaders Letters \(ATLL\)](#)
- [Child Care Bulletins \(CCB\)](#)
- [County Fiscal Letters \(CFLs\)](#)
- [County Fiscal Information Notices \(CFIN\)](#)
- [Notice Of Forms Changes \(GEN 127s\)](#)

## Other Letters and Correspondence

- [Individual County Letters](#)
- [Federal Funding Provisions](#)
- [County Letter Flow Chart](#)

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# **EXHIBIT B**





## DHCS Behavioral Health Continuum Infrastructure Program CDSS Community Care Expansion Program Program Update

The California Department of Health Care Services (DHCS) and the California Department of Social Services (CDSS) are launching two new programs intended to expand the infrastructure of and address historic gaps in the behavioral health and long-term care continuum serving seniors, people with disabilities, and people with behavioral health needs. These new programs are the Behavioral Health Continuum Infrastructure Program (BHCIP) and the Community Care Expansion (CCE) Program. **The following information is provided as a supplement to the upcoming release of the joint Request for Applications (RFA) for BHCIP Round 3: Launch Ready and CCE program capital expansion projects.**

State priorities for BHCIP and CCE:

- 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

### Background

California Health & Human Services Agency (CalHHS) infrastructure funding, alongside significant new state and federal investments in homelessness, healthcare delivery reform, and the social safety net, is addressing historic gaps in the behavioral health and long-term care continuum to meet growing demand for services and supports across the life span.

DHCS and CDSS are working in tandem to design and implement two new programs to support infrastructure projects: the BHCIP and the CCE Program.

These investments will ensure care can be provided in the least restrictive settings by creating a wide range of options, including outpatient alternatives, urgent care, peer respite, wellness centers, and social rehabilitation models. A variety of care placements can provide a vital off-ramp from intensive behavioral health service settings and transition individuals, including the most vulnerable and those experiencing homelessness, to community living. Investing in adult and senior care facilities will divert Supplemental Security Income/State Supplementary Payment (SSI/SSP) and/or Cash Assistance Program for Immigrants (CAPI) recipients from homelessness as a key part of the state's strategic multi-agency approach to increase housing options for seniors and people with disabilities.

#### Behavioral Health Continuum Infrastructure Program

DHCS was authorized through 2021 [legislation](#) to establish BHCIP and award \$2.2 billion to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. DHCS is releasing these funds through six grant rounds targeting various gaps in the state's behavioral health facility infrastructure. This is the third round, and through it, DHCS will award \$518.5 million for launch ready behavioral health infrastructure projects. (Refer to the attached exhibit, *Project Readiness Requirements*, for more information and to prepare for the release of the joint BHCIP/CCE RFA.) Awarded grant funds for BHCIP Round 3: Launch Ready must be obligated by June 2024 and liquidated by December 2026.

BHCIP rounds that have been released in 2021:

- Round 1: Mobile Crisis, \$205M
- Round 2: County and Tribal Planning Grants, \$16M

The remaining BHCIP rounds will be released in 2022:

- Round 3: Launch Ready, \$518.5M
- Round 4: Children & Youth, \$480.5M
- Round 5: BH Needs Assessment Phase One, \$480M
- Round 6: BH Needs Assessment Phase Two, \$480M

#### Community Care Expansion Program

The CCE program was established by [Assembly Bill No. 172 \(Chapter 20, Statutes of 2021\)](#) and will provide \$805 million in funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve SSI/SSP and Cash Assistance Program for Immigrants (CAPI) applicants and recipients, including those who are experiencing homelessness or at risk of homelessness.

#### Capital Expansion

- Approximately 75 percent of funds will be made available for capital expansion projects including acquisition, construction, and rehabilitation of residential care settings. Grantees may be approved to use a portion of these funds to establish a capitalized operating subsidy reserve (COSR) for these projects, available for use for up to 5 years.
- Applications for CCE capital expansion project funding will be accepted on a project basis through this joint RFA and funded on a rolling basis until funds are exhausted. A portion of the CCE budget includes federal funding that must be obligated by June 2024 and liquidated by

December 2026. The exact timeline for obligation and liquidation of funds for each funded project will be provided in the grant award announcement.

#### Preservation, Including Capital Preservation

- Approximately 25 percent of the funds will be made available for rehabilitation to preserve settings that serve the target and prioritized populations, including \$55 million for a COSR for existing licensed facilities, including but not limited to those facilities that receive rehabilitation funding. These funds will be provided to counties and tribes through a direct-to-county and -tribe allocation process that will be announced in January 2022, separate from this joint RFA.

Together, BHCIP and CCE represent the largest provision of resources for behavioral health and social services infrastructure in the state's history and an unprecedented opportunity to address historic gaps in the behavioral health and long-term care continuums in California. Both funding efforts afford counties, tribal entities, nonprofits, and for-profit organizations the ability to expand infrastructure around the entire continuum of care for individuals to meet growing demand for services and supports across the life span.

#### Technical assistance

Advocates for Human Potential, Inc. (AHP), a consulting and research firm focused on improving health and human services systems, is serving as the administrative entity for both BHCIP and CCE. Founded in 1986, AHP provides research and evaluation, technical assistance (TA) and training, system and program development, and resource development and dissemination. AHP has a growing office in Pasadena and a team of employees in home offices across the country. AHP assists state and local organizations to implement and evaluate a wide range of services focusing on mental health treatment and recovery, substance use disorder (SUD) treatment and prevention, workforce development, homelessness, housing, and criminal justice.

Beginning in January 2022 and as part of the joint RFA process, AHP will provide pre-application consultations and TA to individual applicants. In addition, AHP will offer ongoing general training and TA throughout the life of the project. Applicants will submit a request for a pre-application consultation and complete a survey to indicate their understanding of the project readiness requirements. These include facility siting, permit and licensing requirements, construction plans, oversight and management, and budgeting practices. In addition, applicants will be required to discuss how their proposed project meets local gaps identified through an assessment and addresses the state priorities. An AHP implementation specialist will work with applicants to support them in these areas by connecting them with subject matter experts in real estate, facility financing, and programmatic best practices serving the prioritized or target population to bring targeted TA to applicants and grantees.

The Round 2 funding via BCHIP consisted of a planning RFA for counties. For BHCIP and CCE applicants who received a BHCIP Round 2 Planning Grant, that grant will be considered during the TA planning process in order to leverage local planning. Upon release of the joint BHCIP/CCE RFA, 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. Additional information on webinars related to the RFA will be available at <https://www.buildingcalhhs.com/>. This will include topics to help address concerns common to capital development projects serving the prioritized populations, such as best practices related to siting facilities and community collaboration and support.

## Eligible entities

Counties, cities, tribal entities (including 638s and urban clinics), nonprofit organizations, for-profit organizations, and private organizations whose projects reflect the state's priorities are eligible to apply for this funding, noting the following stipulations and specifications.

- Proposed projects need to expand community capacity for serving the target and prioritized populations.
  - For BHCIP, this includes the behavioral health (mental health and SUD) population, and projects must make a commitment to serve Medi-Cal beneficiaries.
  - Under CCE, this includes seniors and qualifying adults with disabilities who require long-term care supports, giving priority to applicants and recipients of SSI/SSP and/or CAPI benefits who are at risk of or experiencing homelessness.
- Private organizations, including private real estate developers, with related prior development experience who are collaborating with nonprofit organizations, tribal entities, or counties may apply, but will be required to demonstrate a legal agreement (e.g., memorandum of understanding [MOU]) with the county, tribe, cities, for-profits, or nonprofit organization.

## Eligibility considerations

All prospective applicants will be required to engage in a pre-application consultation that will provide an opportunity to discuss proposed projects, match requirements and potential sources of local match, statutory and regulatory requirements, how the project addresses local need/gaps and the state's priorities, and other related considerations. These pre-application consultations will be provided by AHP, in coordination with Community Development Financial Institutions (CDFIs) and real estate development experts.

For BHCIP, Round 3 applications will only be accepted from projects that are determined to be launch ready and whose applications are submitted by the timeline identified in the upcoming joint RFA. Launch ready projects are those for which significant preparation and readiness can be demonstrated in specific areas. Refer to the attached exhibit, *Project Readiness Requirements*, for more information and to prepare for the release of the joint RFA.

For CCE, applications will be accepted and funded on a rolling basis. However, applications will not be funded until applicants have completed all necessary steps in the pre-development phase to ensure their projects are launch ready. Qualified applicants for CCE will have an opportunity to seek funding for pre-development costs through the pre-application consultation process. This may include, but is not limited to, funds to hire an architect to draw construction plans, working with a financial advisor to develop a business plan, and other required pre-development activities.

Funded projects for BHCIP and CCE will demonstrate an understanding of the facility siting and permit and licensing requirements. They will also submit construction plans, evidence of oversight and management in place, and a sound budget consistent with standard development underwriting requirements.

Refer to the attached exhibit, *Project Readiness Requirements*, for more information and to prepare for the release of the joint RFA.

### Eligible facility types

The following facility types and subcategories may be considered for project funding through BHCIP or CCE, separately or together.

<b>Outpatient Services</b> (includes a variety of settings delivering clinical support services, but not overnight residential services)		
	<b>BHCIP</b>	<b>CCE</b>
Community wellness centers (including those that are youth focused)	<b>x</b>	
Hospital-based outpatient treatment (outpatient detoxification/withdrawal management)	<b>x</b>	
Intensive outpatient treatment	<b>x</b>	
Narcotic Treatment Programs (NTPs)	<b>x</b>	
NTP medication units	<b>x</b>	
Office-based outpatient treatment	<b>x</b>	
Sobering centers (funded under DMC-ODS and/or Community Supports)	<b>x</b>	

<b>Residential Clinical Programs</b> (includes a variety of settings primarily focused on delivering clinical services; also provide shelter and support, from overnight to many days, weeks, and months)		
	<b>BHCIP</b>	<b>CCE</b>
Acute inpatient hospitals—medical detoxification/withdrawal management (medically managed inpatient detoxification/withdrawal management facility)	<b>x</b>	
Acute psychiatric inpatient facilities	<b>x</b>	
Adolescent residential treatment facilities for SUD	<b>x</b>	
Adult residential treatment facilities for SUD	<b>x</b>	
Chemical dependency recovery hospitals	<b>x</b>	
Children’s crisis residential programs (CCRP)	<b>x</b>	
Community treatment facilities (CTFs)	<b>x</b>	
Crisis stabilization units (CSUs)	<b>x</b>	
General acute care hospitals (GACHs) and acute care hospitals (ACHs)	<b>x</b>	
Mental health rehabilitation centers (MHRCs)	<b>x</b>	
Psychiatric health facilities (PHFs)	<b>x</b>	
Short-term residential therapeutic programs (STRTPs)	<b>x</b>	
Skilled nursing facilities with special treatment programs (SNFs/STPs)	<b>x</b>	
Social rehabilitation facility (SRF)	<b>x</b>	

## Residential Support Programs

BHCIP-funded facilities listed here are primarily focused on shelter and support services, from overnight to many months; funded facilities are required to serve Medi-Cal recipients. CCE will fund adult and senior care settings that provide care and support to seniors and adults with disabilities.

	BHCIP	CCE
Peer respite	x	x
Recovery residence/sober living homes	x	x
Adult residential facilities (ARFs)		x
Residential care facilities for the elderly (RCFE)		x
Permanent supportive housing (PSH) that serves the needs of seniors and adults with disabilities (including models that provide site-based care, such as Program for All Inclusive Care for the Elderly [PACE] and the Assisted Living Waiver programs)		x
Other residential care settings that serve the target population, including recuperative care sites		x

Facility types that are not eligible for funding:

- Correctional settings
- Schools

Applicants will be expected to define the types of facilities they will operate and populations they will serve. Evaluation criteria will be used by the state to ensure that a given facility is serving its target population in line with the state priorities. In addition, all applicants must describe the local needs assessment used to justify the proposed expansion. All applicants will be required to demonstrate how the proposed project will advance racial equity. Projects will be required to certify that they will not exclude populations, including those who are justice involved, unless required by state law. In addition, BHCIP grantees with behavioral health facilities that operate Medi-Cal behavioral health services will be expected to have in place a contract with their county to ensure the provision of Medi-Cal services once the funded facility's expansion or construction is complete.

Applicants are encouraged to think broadly about how BHCIP and CCE funds together can be maximized to design person-centered projects based on the needs and gaps within their local systems of care, coupled with the state's priorities. The following are examples of projects that could apply for both programs:

- An adult residential facility (ARF) applies for CCE funding to make the facility ADA accessible and expand capacity to serve additional SSI recipients. The provider also applies for BHCIP funds to add a day treatment, clubhouse, or peer-run/peer-operated center on the property.
- An RCFE applies for CCE funds to add additional beds to serve individuals who are experiencing homelessness and applies for BHCIP funds to add a behavioral health outpatient office within their network for their Medi-Cal population.

- A behavioral health crisis residential facility applies for BHCIP funding to expand facility capacity and CCE funding to create a residential setting that provides step-down residential support services for SSI recipients at risk of homelessness.

### Funding parameters and use restrictions

Applicants will be expected to develop a competitive and reasonably priced development budget that will be scored alongside applications for projects of similar setting types and sizes. For example, for CCE, small ARFs will be compared to other small ARFs within the same region. In addition, scoring will take into consideration a focus on the state's priorities, including efforts to advance racial equity.

A financial viability assessment will be conducted, considering continued fluctuations in construction and other costs. Through various TA activities, such as the RFA pre-application consultation, interviews, and financial document review, the state will assess long-term operational sustainability once the capital project is complete and in use for its intended purpose.

Application review and scoring for BHCIP and CCE will provide the opportunity for applicants to receive additional points for the comprehensive use of resources in meeting the needs of the target population.

Applicants will be required to commit to a service use restriction as follows:

- **BHCIP only:** Commitments to provision of services and building use restriction for entire 30-year period
- **CCE only:** Commitments to provision of services and building use restriction for 30-years for new facilities and a 20-year use restriction for capacity expansion for an existing facility

### Match

Match guidelines will be set according to applicant type.

- Tribal entities = 5% match
- Counties, cities, and nonprofit providers = 10% match
- For-profit providers and/or private organizations = 25% match

Match in the form of cash and in-kind contributions—such as land or existing structures—to the real costs of the project will be allowed. The state must approve the match source. Cash may come from

- [American Rescue Plan Act \(ARPA\)](#) funds granted to counties and cities,
- Local funding,
- [Mental Health Services Act \(MHSA\)](#) funds in the 3-year plan (considered “other local”),
- Foundation/philanthropic support,
- Loans or investments, or
- Other.

Services will *not* be allowed as match.

### Funding regions

Regional funding caps will be established and will be consistent across BHCIP and CCE. However, the methodology for determining the regional funding amounts in each program will be based on the target population for that particular program. For BHCIP, the amounts available per region will be determined

based on the Behavioral Health Subaccount. For CCE, factors relative to the needs of the prioritized population will be used, which may include the distribution of adult and senior care facilities in counties across the state, the number of individuals experiencing homelessness or at risk of homelessness according to the 2019 Point-in-Time (PIT) count, and relative development costs.

In addition, 20 percent of funds available for both BHCIP and CCE will be set aside for use in regions at the state's discretion to ensure funding is effectively aligned with need (for instance, this reserve money may be used to fund high-scoring projects in oversubscribed regions). Another 5 percent of funds will be set aside for tribes. CCE requires that 8 percent of the funds be competitively awarded to small counties with populations of less than 200,000.

Following an initial round of funding allocations (timeframes to be determined by DHCS and CDSS), DHCS and CDSS will conduct periodic reviews of the number of completed applications from each region. Any unspent funds may be considered for viable applications falling outside of the initial allocation priority schedules, geographical divisions, or other initial fund allocation restrictions.



## Exhibit: Project Readiness Requirements for BHCIP and CCE

The following standard capital development project requirements will be needed for a project to be considered launch ready. Required documentation will be reviewed with each applicant during the pre-application consultation and must be submitted as part of the application.

- Site control
  - Applicant has clear control of the property to be acquired or rehabilitated, as evidenced by one of the following:
    - Clear title with no encumbrances or limitations that would preclude the proposed use (fee title);
    - Existing long-term lease with provisions to make improvements on the property;
    - A leasehold estate held by a tribal entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs;
    - Fully executed option to purchase, sales contract, or other enforceable agreement to acquire the property;
    - A letter of intent (LOI) that outlines the terms of a sale or lease contract, providing that a fully executed option will be completed within 60 days; or
    - Fully executed option to lease, or similar binding commitment from property owner to agree to a long-term lease.
- Permits
  - Applicant documents understanding of approvals and permitting needed, and the capacity to obtain these approvals and permits, as evidenced by both of the following:
    - Providing detailed information regarding the site of the proposed capital project, including zoning, land use limitations, permissible “as of right” uses, and any approvals or variances that may be required and
    - Including a list of the approvals and permits required to complete the project as described in the construction plan (below), along with the sequences of these approvals and permits.
  - Applicant commits to making initial required applications within 60 days of award, as applicable.
- Licensure/certification
  - Applicant provides documentation of all required certifications/licenses, including those required by the appropriate Department under the California Health & Human Services Agency.
  - For applicable projects that cannot be licensed/certificated by the state and/or local level until they are completed, applicant will demonstrate that they understand the licensing/certification timelines and requirements. Tribal entities that are exempt from state licensing and/or requirements must describe the basis for their exemption, and their plan for meeting programmatic requirements. As part of the technical assistance that will be made available, applicants will be guided through the licensure and certification process.
- Preliminary construction plans
  - Applicant provides preliminary construction plans for proposed project, such as

- Site plan (if applicable);
  - Architectural drawings, blueprints, and/or other renderings; or
  - If no construction plan is yet in place, a valid estimate from an architect, licensed general contractor, or engineer.
- Acquisition and/or construction timeline
  - Acquisition and/or construction should begin within 6 months of award. Applicant should provide a timeline from a licensed general contractor or construction manager to illustrate how this will be achieved.
  - Applications for projects that can start sooner may be rated higher.
- Capacity to meet match requirements (see more information above)
- Approval and engagement
  - Organizational support is indicated by letter from CEO and/or board, county board of supervisors, or tribal council resolution.
  - Operating agreement is executed with the appropriate county or tribal office, as applicable.
  - Applicant provides documentation of active community engagement and support, particularly with people with lived experience. Insights from the community should be included in project planning, design, implementation, and evaluation.
  - Nonprofit or private applicants must include a letter of support from their county behavioral health agency or, if a tribal facility, the tribal board at the time of application or within the grant decision period.
    - BHCIP Only: The letter must indicate that BHCIP grantees that operate Medi-Cal behavioral health services will have in place a contract with their county to ensure the provision of Medi-Cal services once the financed facility's expansion or construction is complete.

# **EXHIBIT C**



# DHCS Behavioral Health Continuum Infrastructure Program Launch Ready Grant and CDSS Community Care Expansion Program Joint Request for Applications (RFA)

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## Part One: Overview

### 1.1. INTRODUCTION TO THE GRANT OPPORTUNITY AND FUNDING

California Health and Human Services Agency (CalHHS) infrastructure funding, alongside significant new state and federal investments in homelessness, healthcare delivery reform, and the social safety net, is addressing historic gaps in the behavioral health and long-term care continuum to meet growing demand for services and supports across the life span.

The California Department of Health Care Services (DHCS) and California Department of Social Services (CDSS) are working in tandem to design and implement two new programs to support infrastructure projects: the Behavioral Health Continuum Infrastructure Program (BHCIP) and the Community Care Expansion (CCE) program. These investments will ensure care can be provided in the least restrictive settings by creating a wide range of options including outpatient alternatives, urgent care, peer respite, wellness centers, and social rehabilitation models. A variety of care placements can provide a vital off-ramp from intensive behavioral health service settings and transition individuals—including the most vulnerable and those experiencing or at risk of homelessness—to safe community living. Investing in adult and senior care facilities will divert Supplemental Security Income/State Supplementary Payment (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI) applicants and recipients from homelessness as a key part of California's strategic multi-agency approach to increase housing options for seniors and persons with disabilities.

DHCS was authorized through 2021 [legislation](#) to establish BHCIP and award approximately \$2.1 billion to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. CDSS oversees CCE, which was established through [Assembly Bill \(AB\) 172](#) (Chapter 696, of Statutes 2021) as a companion effort focused on the acquisition, construction, and rehabilitation of adult and senior care facilities that serve SSI/SSP and CAPI applicants and recipients and other adults who are experiencing or at risk of homelessness.

These combined programs represent the largest such provision of resources for such infrastructure in the state's history and an unprecedented opportunity to effect meaningful, sustainable change in the behavioral health and long-term care continuums in California.

### 1.2. PURPOSE AND PROGRAM OBJECTIVES—STATE PRIORITIES

Both BHCIP and CCE 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

DHCS is releasing BHCIP funds through six grant rounds targeting various gaps in the state's behavioral health facility infrastructure.

BHCIP Rounds 1 and 2 were released in 2021:

- Round 1: Mobile Crisis, \$205M (\$55M Substance Abuse and Mental Health Services Administration grant funding)
- Round 2: County and Tribal Planning Grants, \$16M

The remaining BHCIP rounds will be released in 2022:

- Round 3: Launch Ready, \$518.5M
- Round 4: Children & Youth, \$480.5M
- Round 5: Behavioral Health Needs Assessment Phase One, \$480M
- Round 6: Behavioral Health Needs Assessment Phase Two, \$480.7M

Round 3: Launch Ready (\$518.5M), will provide funding to construct, acquire, and rehabilitate real estate assets to expand the behavioral health continuum of treatment and service resources in settings that serve Medicaid (Medi-Cal) beneficiaries. Proposed behavioral health infrastructure projects must demonstrate they have been through a planning process and are ready for implementation. For Round 3: Launch Ready, applications will only be accepted from projects that are determined to be launch ready and are submitted according to the timeline in this RFA (Section 1.4). Awarded grant funds for Round 3: Launch Ready must be obligated by June 2024 and liquidated by December 2026.

The CCE program will provide \$805 million in funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve SSI/SSP and CAPI applicants and recipients, including those who are experiencing or at risk of homelessness.

#### CCE Capital Expansion

- Approximately 75 percent of funds (\$570,000,000) will be made available for capital expansion projects, including acquisition, construction, and rehabilitation of residential care settings. Grantees may be approved to use a portion of these funds to establish a capitalized operating subsidy reserve (COSR) for these projects, available for use for up to 5 years.
- Applications for CCE Capital Expansion project funding will be accepted on a project-by-project basis through this joint RFA and funded on a rolling basis until funds are exhausted. However, projects that cannot be funded prior to applicable obligation and liquidation deadlines may not be funded. A portion of the CCE budget includes Home and Community-Based Services (HCBS) funding that must be obligated by December 2023 and liquidated by June 2026, as well as State Fiscal Recovery Funds (SFRF) that must be obligated by June 2024 and liquidated by December 2026. The exact timeline for obligation and liquidation of funds for each funded project will be provided in the grant award announcement.

### CCE Preservation, Including Capital Preservation

- Approximately 25 percent of the funds will be made available for rehabilitation to preserve settings that currently serve the target populations, including \$55 million for a COSR for existing licensed facilities, including but not limited to those facilities that receive preservation capital funding. These funds will be provided to counties and tribes through a direct-to-county and -tribe allocation process that will be announced separately from this joint RFA.

## 1.3. AUTHORIZING AND APPLICABLE LAW

BHCIP: [Welfare and Institutions Code, Division 5, Part 7](#)

CCE: [Welfare and Institutions Code, Division 9, Part 6](#), commencing with section 18999.97

## 1.4. TIMELINE

**Table 1a: Timeline for BHCIP Applications**

RFA release	January 31, 2022
Pre-application consultations	Beginning February 1, 2022; ongoing
Application portal open	February 15, 2022
Joint RFA informational webinar <a href="#">Please preregister.</a>	February 10, 2022; 10:30 a.m.-12:00 p.m. PT
Frequently asked questions	Updated regularly and posted on <a href="#">website</a>
Deadline for questions	7 days prior to each application due date
Part One application due date*	March 31, 2022
Part Two application due date*	May 31, 2022
Part One Award announcements*	May/June 2022
Part Two Award announcements*	July/August 2022

\*See Section 2.2 Application Process (page 6)

**Table 1b: Timeline for CCE Applications**

RFA release	January 31, 2022
Pre-application consultations	Beginning February 1, 2022; ongoing
Application portal open	February 15, 2022
Joint RFA informational webinar <a href="#">Please preregister.</a>	February 10, 2022; 10:30 a.m.-12:00 p.m. PT
Frequently asked questions	Updated regularly and posted on <a href="#">website</a>
Deadline for questions	Ongoing
Application due date	Accepted on a rolling basis until grant funds are exhausted
Award announcements	Beginning in March 2022 and ongoing
Evaluation of statewide funding redistribution	October 2022



## Part Two: Application, Submission, Award

### 2.1. TOTAL GRANT AMOUNTS

**BHCIP Launch Ready:** \$518,500,000 is available to construct, acquire, and rehabilitate real estate assets to expand the behavioral health continuum of treatment and service resources in settings that serve Medicaid (Medi-Cal) beneficiaries.

**CCE:** \$570,000,000 is available for acquisition, construction, and rehabilitation capital expansion projects (“expansion” projects) of residential care settings to expand the community care options that serve seniors and adults with disabilities experiencing or at risk of homelessness.

### 2.2. APPLICATION PROCESS

#### BHCIP

Round 3: Launch Ready will be composed of two application parts to balance the needs of projects capable of immediate expansion with applicants who require more time to develop their application. This will offer applicants two potential deadlines for submissions. Applicants in Part One will be evaluated competitively against each other. Round 3: Launch Ready Part One is intended for entities that can submit the application and necessary materials by March 31, 2022. Part One applicants will receive priority. Any remaining funds not awarded in Part One will be available for Part Two applicants. Part Two applicants will be evaluated competitively against each other.

Applications will be accepted electronically beginning February 15, 2022. Applications may not be hand-delivered or mailed. The application and attachments, along with instructions for submittal of the online application, can be found on the [Improving California's Infrastructure website](#). No modified formats will be accepted. The cutoff date for all Part One applications is March 31, 2022, at 5:00 p.m. PT. The cutoff date for all Part Two applications is May 31, 2022, at 5:00 p.m. PT. Applications cannot be edited once submitted. It is the applicant’s responsibility to ensure that the submitted application is accurate. Reviewers may request additional clarifying information from the applicant.

#### CCE

CCE applications will be accepted and reviewed on a rolling basis until all grant funds are exhausted. However, projects that cannot be funded prior to applicable obligation and liquidation deadlines may not be funded.

Applications will be accepted electronically beginning February 15, 2022. Applications may not be hand-delivered or mailed. The application and attachments, along with instructions for submittal of the online application, can be found in the [Improving California's Infrastructure website](#). No modified formats will be accepted. Applications cannot be edited once submitted. It is the applicant’s responsibility to ensure that the submitted application is accurate. Reviewers may request additional clarifying information from the applicant.

## BHCIP and CCE application process

The application is a public record that is available for public review pursuant to the California Public Records Act (CPRA) (Chapter 3.5 [commencing with Section 6250] of Division 7 of Title 1 of the Government Code). After final awards have been issued, DHCS or CDSS may disclose any materials provided by the applicant to any person making a request under the CPRA. Applicants are cautioned to use discretion in providing information not specifically requested, such as personal phone numbers and home addresses. If the applicant does provide such information, they will be waiving any claim of confidentiality and will have consented to the disclosure of submitted material upon request.

Reasonable Accommodations for BHCIP and CCE: For individuals with disabilities, DHCS or CDSS will provide assistive services such as reading or writing assistance and conversion of the RFA, questions/answers, RFA addenda, or other Administrative Notices in Braille, large print, audiocassette, or computer disk. To request copies of written materials in an alternate format, please send an email to [bhcip.cce.info@ahpnet.com](mailto:bhcip.cce.info@ahpnet.com) or call (323) 545-6202.

DHCS and CDSS will prioritize completed applications by geographic distribution to ensure the equitable and fair distribution of funds (Table 2). Both programs will adopt a regional funding approach, similar to models used in other state-funded capital programs (e.g., Homekey). Counties are assigned to one of seven geographic regions, each with a specific funding amount reserved. The funding amount reserved was determined based on the program-specific methodology described below. Applicants within each region will compete against other applicants in that same region, thereby supporting geographic equity and funding disbursement across the state.

DHCS and CDSS will reserve up to 20 percent of the BHCIP Round 3 funds and CCE Capital Expansion funds to ensure funding is effectively used to address and support the needs of vulnerable populations and gaps within the care continuum, consistent with the State Priorities. For example, the discretionary set-aside may be used to fund high-scoring projects in regions that have met their funding reserve.

### Regional Funding Reserve Methodology

For BHCIP funding reserves, a ratio of available Launch Ready funding to the Behavioral Health Subaccount county allocations has been used, with 5 percent set aside for tribal entities.

For BHCIP, following an initial round of funding allocations (timeframes to be determined by DHCS), funds **may** be used for viable applications falling outside of the initial allocation priority schedules, geographical divisions, or other initial fund allocation restrictions.

The CCE regional funding reserve methodology was calculated using the distribution of adult and senior care facilities in counties across the state, the 2019 Homeless Point-in-Time count, and the proportion of SSI/SSP applicants and recipients across the state. Of the total amount of CCE funding provided under this RFA, 8 percent will be competitively awarded to small counties (populations of 200,000 or fewer) and 5 percent of funds will be reserved for tribal communities.

The RFA will be open to CCE applicants on a rolling basis. CDSS has established an initial priority application period from the release date of the CCE application through September 30, 2022. During this prioritization period, CDSS will group applications into one of the seven geographic regions, unless the

application is prioritized for the rural or tribal entity set-asides. This timeframe will allow applicants time to prepare projects and seek relative technical assistance (TA). It also provides CDSS with additional data on the statewide need and interest. After September 30, 2022, CDSS reserves the right to stop grouping applications by geographic region, and instead deploy unused funds from any undersubscribed geographic region(s) to fund subsequent applications statewide.

**Table 2: Regions and Counties**

<b>Counties by Geographic Distribution</b>	<b>BHCIP Launch Ready Estimated Targeted Funding Levels (less 20% discretionary and 5% tribal set-asides) (Total available: \$394,060,000)</b>	<b>Community Care Expansion Estimated Targeted Funding Levels (less 20% discretionary and 5% tribal set-asides) (Total available: \$430,171,874)</b>
<b>Los Angeles County</b>	\$138,033,407	\$135,281,766
<b>Bay Area:</b> Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma	\$80,110,607	\$85,690,868
<b>Southern California:</b> Imperial, Orange, Riverside, San Bernardino, San Diego, Ventura	\$75,954,578	\$100,473,714
<b>San Joaquin Valley:</b> Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare	\$44,552,480	\$45,982,932
<b>Sacramento Area:</b> El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba	\$23,553,889	\$31,914,624
<b>Central Coast:</b> Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz	\$14,912,943	\$15,052,939
<b>Balance of State:</b> Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne	\$16,942,096	\$15,775,031

## 2.3. PRE-APPLICATION CONSULTATIONS AND TA

Advocates for Human Potential, Inc. (AHP), a consulting and research firm focused on improving health and human services systems, is serving as the administrative entity for both BHCIP and CCE. AHP assists state and local organizations to implement and evaluate a wide range of services focusing on mental health treatment and recovery, substance use disorder treatment and prevention, workforce development, homelessness, housing, long-term services and supports, and criminal justice.

Beginning on February 1, 2022, and as part of the RFA process, AHP will provide a pre-application consultation and individual agency/county TA. In addition, AHP will offer ongoing general training and TA throughout the life of the project. Applicants are required to submit a request for a pre-application consultation and complete a survey to determine their understanding of the RFA requirements. These include facility siting, permit and licensing requirements, construction plans and launch readiness, oversight and management, match requirements, and budgeting practices. In addition, applicants will be required to discuss how their proposed project meets local and/or regional gaps identified through an assessment, as well as how it addresses the state's priorities. An AHP implementation specialist will work with applicants to support them in these areas by connecting them with subject matter experts in real estate, financing, and programmatic best practices serving the prioritized or target population to bring targeted TA to applicants and grantees. Additional information related to pre-application consultation and TA throughout the grant period can be found [online](#).

The Round 2 funding via BHCIP consisted of a planning RFA for counties and tribes for BHCIP and CCE projects. For applicants who have received a BHCIP Round 2 Planning Grant, that grant will be considered during the TA planning process in order to leverage local planning already underway. 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. This will include topics to help address concerns common to capital development projects serving the prioritized populations, such as best practices related to siting facilities and strategies for promoting community collaboration and support.

## 2.4. APPLICATION SCORING CRITERIA

Applications for BHCIP and CCE must meet the following minimum criteria to be considered for award:

- Full and complete application
- Commitment to serve population and to address the gaps identified in the community
- Demonstrated match
- Completed pre-application consultation
- Attested to meet federal, state, and local laws
- Reasonable cost compared to projects within the same region
- Able to expend funds within the required timeline

CCE applicants will be awarded on a rolling basis. Projects that meet the minimum criteria will be eligible to be funded, until all grant funds are committed. BHCIP is a competitive application process. Funding decisions will be based on a variety of factors, including

- Alignment with the State Priorities described in 1.2, above;

- Alignment with local and/or regional needs, gaps, and priorities as described in 3.2, below;
- Alignment with needs and gaps described in the statewide assessment, [\*Assessing the Continuum of Care for Behavioral Health Services in California: Data, Stakeholder Perspectives, and Implications\*](#);
- Assurance that funds are invested throughout the state;
- Extent to which the project addresses gaps in underserved areas;
- Extent to which the project addresses gaps in underserved populations;
- Review of each project's proposed costs and a determination of reasonableness for the facility type, scope, budget, and schedule of rehabilitation or renovations proposed;
- Degree to which the applicant leverages local funding;
- Ability to use funds within the funding timeline;
- Degree to which the applicant demonstrates long-term sustainability of the proposed project;
- Proposed increase in the number of persons to be served by the expansion;
- Ability to meet match expectations; and
- Degree to which the proposed plan for serving the target population(s) demonstrates the use of established best practices.

Funds awarded pursuant to the program must be used to supplement, and not supplant, other funding available from existing local, state, or federal programs or from grants with similar purposes.

Real Estate Acquisition and Development experts under contract with AHP will conduct financial viability assessments of each applicant's project. Through review of the RFA pre-application consultation, interviews, and financial document review, they will assess long-term operational sustainability (i.e., once the capital project is complete and in use for its intended purpose). TA provided will not factor into the evaluation of the application submitted. Staff providing TA will not be scoring applications.

## 2.5. AWARD PROCESS

Successful applicants will receive an award letter and a Standard Agreement from AHP, the DHCS and CDSS administrative entity. The agreement must be signed, returned, and fully executed with AHP before initial funding will be awarded.

**BHCIP only:** Applications that are not funded during Round 3 may be considered for future funding rounds, subject to the requirements and priorities of those rounds. TA will be available to help applicants explore future BHCIP funding rounds, as well as other potential sources of funds to support the proposed projects.

**CCE only:** Applications that meet the minimum criteria outlined in Section 2.4, eligibility criteria described in Section 3.1, and the eligible uses requirements in Section 3.2 will be considered for funding until all available funds are fully obligated. However, projects that cannot be funded prior to applicable obligation and liquidation deadlines may not be funded. A portion of the CCE budget includes federal funding that must be obligated by June 2024 and liquidated by December 2026. The exact timeline for obligation and liquidation of funds for each funded project will be provided in the grant award announcement. Applicants that are not awarded initially will be provided TA for resubmission, subject to the availability of funds.

## 2.6. APPEALS

California law does not provide a protest or appeal process against award decisions made through an informal selection method. Applicants submitting a response to this RFA may not protest or appeal the award. All award decisions made by DHCS and CDSS shall be final. Applicants for CCE funds that fail to be awarded initially will be provided TA for resubmission, subject to the availability of funds.

## Part Three: Program Requirements

### 3.1. ELIGIBILITY CRITERIA

Eligible applicants for BHCIP Launch Ready and CCE funds include counties, cities, tribal entities (including 638s and urban clinics), nonprofit organizations, for-profit organizations, and other private organizations, including private real estate developers, whose projects reflect the State Priorities. Each of these entities may apply independently or may apply jointly with another eligible entity as a co-applicant. Co-applicants can include multi-county projects. As allowed or required by context, “applicant” shall be interpreted to include any of the foregoing entities, as well as that entity’s nonprofit or for-profit corporation co-applicant. Upon receiving an award of funds, the eligible applicant and any co-applicant(s) will, both individually and collectively, be referred to as the “grantee” for purposes of this RFA.

Applicants are encouraged to apply for funding from both programs (BHCIP and CCE), as applicable. See Section 3.2 for examples.

Applicants may submit applications with a variety of partners to encourage innovative, comprehensive local and regional approaches. For applicants with partners, including co-applicants, all proposed partners must submit letters of commitment with the application. The required match will be determined by the types of applicants. If a private organization has a collaboration with a county, for example, the project qualifies for the county match amount, as long as supporting documentation is submitted.

Proposed BHCIP Launch Ready projects need to expand community capacity for serving the behavioral health (mental health and substance use disorder [SUD]) population and must make a commitment to serve Medi-Cal beneficiaries. Under CCE, projects need to expand capacity in residential care settings that serve seniors and adults with disabilities who require long-term care supports, with priority for people experiencing or at risk of homelessness who are applicants or recipients of SSI/SSP or CAPI benefits.

Private organizations that do not have prior experience must apply with a partner. These private organizations (including real estate developers) without related prior experience that are collaborating with nonprofit organizations, tribal entities, cities, or counties may apply, with the requirement that the private organization must have

- A Memorandum of Understanding (MOU) or other agreement with the nonprofit organization, tribal entity, city, or county to confirm the private organization’s role in the project, including that they are working on behalf of the service provider, and

- Related prior experience, reflected in the successful development, ownership, or operation of a relevant project for individuals who qualify as members of the target population.

### 3.2. ELIGIBLE USES

Eligible facility types for BHCIP Launch Ready projects must expand the community continuum of behavioral health treatment resources to build new capacity or expand existing capacity for short-term crisis stabilization, acute and sub-acute care, crisis residential, community-based mental health residential, SUD residential, peer respite, mobile crisis, community and outpatient behavioral health services, and other clinically enriched longer-term treatment and rehabilitation options for persons with behavioral health disorders in an appropriate and least restrictive and least costly setting.

Eligible settings for CCE include residential settings that expand the long-term care continuum and serve the target population, including but not limited to licensed adult and senior care facilities, recuperative or respite care settings, and independent residential settings. Facilities funded by regional centers are not eligible for CCE funds.

Applicants will be expected to define the types of facilities or settings they will operate and populations they will serve. Evaluation criteria will be used by the state to ensure that a given project is serving its target population in line with the State Priorities. In addition, all applicants must share data to demonstrate project need. This may include, for example, a local county/tribal/provider needs assessment, a facility wait list, the number of comparable facilities in the area, or other quantifiable documentation. Applicants will be required to demonstrate how the proposed project will advance racial equity and will be required to certify that they will not exclude populations, including those who are justice involved, unless required by state law. In addition, BHCIP-funded behavioral health facilities, as applicable, must provide Medi-Cal behavioral health services and will be expected to have in place a contract with their county to ensure the provision of Medi-Cal services once the funded facility's expansion or construction is complete.

Applicants are encouraged to think broadly about how BHCIP and CCE funds together can be maximized to design person-centered projects based on the needs and gaps within their local systems of care, coupled with the state's priorities. The following are examples of projects that could apply for both programs:

- An adult residential facility (ARF) applies for CCE funding to make the facility Americans with Disabilities Act (ADA) accessible and expand capacity to serve additional SSI/SSP or CAPI applicants and recipients. The provider also applies for BHCIP funds to add a day treatment, clubhouse, or peer-run/peer-operated center on their property.
- A residential care facility for the elderly (RCFE) applies for CCE funds to add additional beds to serve individuals who are experiencing homelessness and applies for BHCIP funds to add a behavioral health outpatient office within their network for their Medi-Cal population.
- A behavioral health crisis residential facility applies for BHCIP funding to expand facility capacity and CCE funding to create a residential setting that provides step-down residential support services for SSI/SSP or CAPI applicants and recipients at risk of homelessness.



The following facility types and subcategories may be considered for project funding through BHCIP or CCE, separately or together.

<b>Outpatient Services</b> (includes a variety of settings delivering clinical support services, but not overnight residential services)		
	<b>BHCIP</b>	<b>CCE</b>
Community wellness centers (including those that are youth focused)	<b>x</b>	
Hospital-based outpatient treatment (outpatient detoxification/withdrawal management)	<b>x</b>	
Intensive outpatient treatment	<b>x</b>	
Narcotic Treatment Programs (NTPs)	<b>x</b>	
NTP medication units	<b>x</b>	
Office-based outpatient treatment	<b>x</b>	
Sobering centers (funded under DMC-ODS and/or Community Supports)	<b>x</b>	

<b>Residential Clinical Programs</b> (includes a variety of settings primarily focused on delivering clinical services; also provide shelter and support, from overnight to many days, weeks, and months)		
	<b>BHCIP</b>	<b>CCE</b>
Acute inpatient hospitals—medical detoxification/withdrawal management (medically managed inpatient detoxification/withdrawal management facility)	<b>x</b>	
Acute psychiatric inpatient facilities	<b>x</b>	
Adolescent residential treatment facilities for SUD	<b>x</b>	
Adult residential treatment facilities for SUD	<b>x</b>	
Chemical dependency recovery hospitals	<b>x</b>	
Children’s crisis residential programs (CCRP)	<b>x</b>	
Community treatment facilities (CTFs)	<b>x</b>	
Crisis stabilization units (CSUs)	<b>x</b>	
General acute care hospitals (GACHs) and acute care hospitals (ACHs)	<b>x</b>	
Mental health rehabilitation centers (MHRCs)	<b>x</b>	
Psychiatric health facilities (PHFs)	<b>x</b>	
Short-term residential therapeutic programs (STRTPs)	<b>x</b>	
Skilled nursing facilities with special treatment programs (SNFs/STPs)	<b>x</b>	
Social rehabilitation facilities (SRFs)	<b>x</b>	

<b>Residential Support Programs</b> (BHCIP-funded facilities listed here are primarily focused on shelter and support services, from overnight to many months; funded facilities are required to serve Medi-Cal recipients. CCE will fund adult and senior care settings to provide care and support to seniors and adults with disabilities.)		
	<b>BHCIP</b>	<b>CCE</b>
Peer respite	<b>x</b>	<b>x</b>
Recovery residence/sober living homes	<b>x</b>	<b>x</b>
Adult residential facilities (ARFs)		<b>x</b>
Residential care facilities for the elderly (RCFEs)		<b>x</b>



Permanent Supportive Housing that serves the needs of seniors and adults with disabilities (including models that provide site-based care, such as Program for All Inclusive Care for the Elderly [PACE] and the Assisted Living Waiver programs)		<b>x</b>
Other residential care settings that serve the target population, including recuperative care sites		<b>x</b>

Facility types that are not eligible for funding:

- Correctional settings
- Schools
- Facilities funded by regional centers (CCE only)

### 3.3. MATCH

Applicants will be required to provide matching funds as part of the project. Match requirements are set according to applicant type.

- Tribal entities = 5% match
- Counties, cities, and nonprofit providers = 10% match
- For-profit providers and/or private organizations = 25% match

In order to incentivize local partnerships while also helping to expedite projects, for-profit providers who partner with tribes, counties, cities, or nonprofit providers will be eligible for the lower match. For example, a sole proprietor operating a small ARF that has partnered with a county will have a match requirement of 10%.

Match in the form of cash and in-kind contributions—such as land or existing structures—to the real costs of the project will be allowed for both BHCIP and CCE. The state must approve the match source. Cash may come from

- [American Rescue Plan Act \(ARPA\)](#) funds granted to counties and cities,
- Local funding,
- [Mental Health Services Act \(MHSA\)](#) funds in the 3-year plan (considered “other local”),
- [Opioid Settlement Funds](#) for SUD facilities (BHCIP only),
- Foundation/philanthropic support,
- Loans or investments, or
- Other.

Real property in the form of publicly or privately owned or donated land and/or buildings owned may count as match. Examples include

- Unused city or county buildings,
- Buildings originally intended for another purpose,
- Surplus land,
- State property, and
- Land trust.

Services will not be allowed as match.

### 3.4. GENERAL PROGRAM REQUIREMENTS

To be eligible to receive funding, projects must meet the following requirements as they relate to the applicant and project types. Refer to Section 3.5 for additional information on eligible pre-development funding.

**Site control:** Applicant has clear control of the property to be acquired or rehabilitated, as evidenced by one of the following:

- Clear title with no encumbrances or limitations that would preclude the proposed use (fee title);
- Existing long-term lease for the required use restriction period, with provisions to make improvements on the property;
- A leasehold estate held by a tribal entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs;
- Fully executed option to purchase, sales contract, or other enforceable agreement to acquire the property;
- A letter of intent (LOI) that outlines the terms of a sale or lease contract, providing that a fully executed option will be completed within 60 days; or
- Fully executed option to lease, or similar binding commitment from property owner to agree to a long-term lease for the required use restriction period.

#### Permits

- Applicant documents understanding of approvals and permitting needed, and the capacity to obtain these approvals and permits, as evidenced by both of the following:
  - Providing detailed information regarding the site of the proposed capital project, including zoning, land use limitations, permissible “as of right” uses, and any approvals or variances that may be required and
  - Including a list of the approvals and permits required to complete the project as described in the construction plan (below), along with the sequences of these approvals and permits.
- Applicant commits to making initial required applications within 60 days of award, as applicable.

#### Licensure/certification

- Applicant provides documentation of all required certifications/licenses, including but not limited to those required by the appropriate department under CalHHS.
- For applicable projects that cannot be licensed/certified by the state and/or local level until they are completed, applicant will demonstrate that they understand the applicable licensing/certification timelines and requirements. Tribal entities that are exempt from state licensing and/or requirements must describe the basis for their exemption and their plan for meeting programmatic requirements. As part of the TA that will be made available, applicants may receive information and guidance about the licensure and certification process.

**Preliminary construction plans for proposed project, such as**

- Site plan (if applicable);

- Architectural drawings, blueprints, and/or other renderings;
- If no construction plan is yet in place, a valid cost estimate from an architect, licensed general contractor, or engineer.

#### **Acquisition and/or construction timeline**

- Acquisition should begin within approximately 6 months of award. Development must begin immediately after acquisition and be completed within the approved timeline. Applicant should provide a timeline from a licensed general contractor or construction manager to illustrate how this will be achieved.
- Applications for projects that can start sooner may be rated higher.

#### **Capacity to meet match requirements** (see Section 3.3)

#### **Approval and engagement**

- Organizational support is indicated by a letter from the CEO and/or board, county board of supervisors, or tribal council resolution, as applicable.
- Applicant provides documentation of active community engagement and support, particularly with people with lived experience. Insights from the community should be included in project planning, design, implementation, and evaluation. Examples may include survey results, notes taken during stakeholder engagement sessions, etc.
- **BHCIP Launch Ready only:** City, nonprofit, or private applicants must include a letter of support from their county behavioral health agency or, if a tribal facility, the tribal board at the time of application or within the grant decision period.
  - The letter must indicate that BHCIP grantees that operate Medi-Cal behavioral health services will have in place a contract with their county to ensure the provision of Medi-Cal services once the financed facility's expansion or construction is complete.

#### **Service use restriction**

Applicants will be required to commit to a service use restriction as follows:

- BHCIP: Commitments to provision of services and building use restriction for entire 30-year period.
- CCE: Commitments to provision of services and building use restriction for 30 years for new facilities and a 20-year use restriction for capacity expansion for an existing facility.

### **3.5. PRE-DEVELOPMENT (CCE ONLY)**

Prospective applicants that demonstrate viable projects via the pre-application consultation with real estate TA from the grant administrator or its Community Development Financial Institution (CDFI) partners may have the opportunity to apply for pre-development costs within the RFA using CCE funds only.

Examples may include but are not limited to:

- Hiring a development team (lawyer, architect, owner's representative or construction manager)
- Physical needs assessment

- Feasibility study
- Site plan
- Environmental survey (Phase 1 & 2 reports)
- Schematic and construction drawing and architectural plans
- Construction cost estimates
- Preliminary engineering/dry utilities
- Stakeholder coordination
- Preliminary development budgets
- Basic underwriting

### 3.6. BUDGET DEVELOPMENT

Applicants are required to submit a budget with their BHCIP Launch Ready and CCE applications to assist DHCS/CDSS in establishing reasonableness of the final amount awarded. Applicants are encouraged to use the BHCIP Launch Ready and CCE budget templates in Attachment A (Form 1) to create a budget and will be asked to insert the budget figures as part of the online application process. All items budgeted must be inclusive of all costs, including taxes and fees, in U.S. dollars. If an applicant has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the applicant may use its current NICRA. Alternatively, if the applicant does not have a NICRA, the applicant may elect to use a rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).

### 3.7. CAPITALIZED OPERATING SUBSIDY RESERVE (COSR) (CCE)

CCE applicants may request a portion of their funds be used for a COSR. A COSR can be an essential component of development projects serving households with very low incomes. The COSR helps to ensure continued operations and long-term sustainability of capital projects like CCE. CCE projects wishing to use funds from the project development budget for a COSR will be required to create a Funding and Disbursement Agreement (FDA). The COSR can be used to cover operational costs associated with utilities, maintenance and repairs, taxes and insurance, and staff, among others. CCE COSR funds will be capitalized in the applicant's development budget, helping to mitigate risk among long-term project investors. A COSR is available for use for up to 5 years from the time operations in the new or expanded facility begin; future funding streams should be included in the project development budget, in the event that the facility carries an operating deficit after the 5-year CCE COSR timeframe ends.

### 3.8. ACCESSIBILITY AND NON-DISCRIMINATION

All developments shall adhere to the accessibility requirements set forth in California Building Code chapters 11A and 11B and the Americans with Disabilities Act, Title II. In addition, developments shall adhere to either the Uniform Federal Accessibility Standards (UFAS), 24 CFR Part 8, or the U.S. Department of Housing and Urban Development's (HUD) modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 FR 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the



maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Part 8.26.

Grantees shall adopt a written non-discrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), justice system involvement (except where explicitly required by law), or arbitrary characteristics, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this RFA. Nor shall all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this RFA.

Grantees shall comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code Section 11135, Section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

### 3.9. STATE & FEDERAL PREVAILING WAGE

A project funded by a BHCIP or CCE grant is a “public work” if the applicant intends to use the BHCIP and/or CCE funds for the “[c]onstruction, alteration, demolition, installation, or repair” of a building or structure (Cal. Lab. Code section 1720(a); Cal. Lab. Code section 1750(b)(1)). Applicants using BHCIP and/or CCE grants to fund public works are subject to California’s prevailing wage and working hours laws (Division 2, Part 7, Chapter 1 of the California Labor Code) and the applicant’s project is subject to compliance monitoring and enforcement by the Department of Industrial Relations (Cal. Lab. Code section 1771.4(a)(1)).

If DHCS or CDSS selects an applicant to receive a BHCIP and/or CCE grant and the applicant is using the grant to fund a public work, then the applicant shall submit a Certification of Compliance to the awarding department (i.e., DHCS or CDSS) certifying that the applicant shall comply with California’s prevailing wage and working hours laws (including posting job notices, as required by Labor Code section 1771(a)(2)) and all applicable federal prevailing wage laws. The Certification of Compliance shall also state that the applicant shall maintain its labor records in compliance with all applicable state and federal laws (Cal. Lab. Code section 1776), and shall make all labor records available to the Department of Industrial Relations, and any other applicable enforcement agencies upon request (Cal. Lab. Code section 1771.4(a)(3)). The Certification of Compliance shall be signed by the general contractor(s) and the applicant.

If DHCS or CDSS selects an applicant to receive a BHCIP and/or CCE grant and the applicant is not using the grant to fund a public work, then the applicant shall submit a Certification of Inapplicability to the awarding department (i.e., DHCS or CDSS) explaining why the project is not a public work as defined by

California Labor Code section 1720. The Certification of Inapplicability shall be signed by the general contractor(s) and the applicant.

An applicant shall not receive the BHCIP and/or CCE funds from the awarding department (i.e., DHCS or CDSS) until the awarding department has received and approved the applicant's Certification of Inapplicability or Certification of Compliance.

### 3.10. EXEMPTIONS

In accordance with California Welfare and Institutions Code sections 5960.3 and 18997.97(I), projects funded by a BHCIP or a CCE grant are

1. Deemed to be consistent with and in conformity with any applicable local plan, standard, or requirement;
2. Deemed to be allowed as a permitted use within the zone in which the structure is located; and
3. Not subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals.

### 3.11. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) EXEMPTION (BHCIP ONLY)

CEQA shall not apply to a project funded by BHCIP if that project meets the requirements outlined in California Welfare and Institutions Code section 5960.3(b). Applicants shall determine if they meet the requirements outlined in section 5960.3(b) to qualify for the exemption from CEQA. And, in accordance with section 5960.3(c), if an applicant determines that it qualifies for the exemption from CEQA, then the applicant shall file a Notice of Exemption with the Office of Planning and Research and the clerk of the county in which the project is located in the manner specified in subdivisions (b) and (c) of section 21152 of the Public Resources Code, and the applicant shall provide DHCS with a copy of the filed Notice of Exemption. If the applicant determines that CEQA applies to its project, the applicant shall provide DHCS with copies of all appropriate documentation demonstrating the project's compliance with CEQA once the applicant has received project approval.

DHCS is not responsible for determining if applicants meet the CEQA exemption requirements set forth in section 5960.3(b). Furthermore, DHCS is not responsible for filing a section 5960.3(c) notice of exemption on behalf of an applicant.

### 3.12 LOW-RENT HOUSING PROJECT EXEMPTION

In accordance with California Welfare and Institutions Code sections 5960.35(b)(1) and 18999.98, a project funded with a BHCIP or 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:

1. 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;

2. 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;
3. 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;
4. The project consists of newly constructed, privately owned, one-to-four-family dwellings not located on adjoining sites;
5. The project consists of existing dwelling units leased by the state public body from the private owner of these dwelling units;
6. 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; or
7. 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 BHCIP or 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.

## Part Four: Program Operations

### 4.1. PROGRAM OVERSIGHT AND REPORTING

As specified by DHCS or CDSS and upon request, grantees shall provide progress reports in connection with the approved timeline, statement of work (SOW), and budget and any updates to the timeline for completion of the project. The progress reports should include the project’s completion milestones and any updates or substantial changes. Grantees shall promptly notify DHCS or CDSS of any changes in grantee organization, authorization, or capacity. This information will be outlined in the Standard Agreement.

Grantees are required to meet BHCIP Launch Ready, CCE program, and other state and federal reporting, financial, and administrative requirements, as well as submit required reporting data through an online grantee data portal. Reporting requirements will include quarterly reports and a final report, along with an annual BHCIP Launch Ready or CCE Program and Expenditure Report for 5 years following Standard Agreement execution. 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 grantee data portal shall be in such form and contain such information as required by DHCS or CDSS, as appropriate, in its sole and absolute discretion. Funding will be contingent upon provision of submission of data and reporting. These requirements will be fully detailed upon award.

In addition to the foregoing, each grantee shall submit to DHCS or CDSS such periodic reports, updates, and information as deemed necessary by DHCS or CDSS to monitor compliance and/or perform program evaluation. Any requested data or information shall be submitted in electronic format in a format provided by DHCS or CDSS.

Additional reporting requirements may be required by DHCS and CDSS for up to 30 years after completion of project construction.

## 4.2. DISBURSEMENT OF GRANT FUNDS

The Standard Agreement will set forth the general conditions for disbursement. Once the Standard Agreement between the applicant and AHP is fully executed, an initial payment will be issued directly to the applicant to begin development activities. Subsequent funding will be released following the verified completion of project milestones and deliverables and the submission of required documentation and reports. More details regarding the funding and disbursement process will be provided upon award.

Grantees will be responsible for submitting invoices and ensuring expenses are allowable and have sufficient backup documentation. Grantees shall ensure that the expenditure of BHCIP Launch Ready or CCE program funds is consistent with the requirements of the relevant program.

The BHCIP Launch Ready and CCE program teams will monitor the expenditures to ensure they comply with this RFA and may conduct desk or site audits. The teams may also request the repayment of funds or pursue any other remedies available, at law or in equity, for failure to comply with program requirements.

## Part Five: Attachments

### Attachment A: Application

Form 1: Budget template

Form 2: Budget narrative and definition of terms

Form 3: Schematic design checklist

Form 4: Design/acquisition/construction milestone schedule

Form 5: Development team description/contact form

Form 6: Community engagement form

Form 7: Applicant's certification

### Attachment B: Pre-Application Consultation Process





# **EXHIBIT D**

Name of Organization:

Phone:

Email:

Project Location:

*Instructions: Explain how stakeholders (e.g., community-based organizations [CBOs], members of the target population, residents, civic leaders, and frontline staff) have been meaningfully involved in the visioning and development of this project.*

## Community Engagement Tracking Form

Date	Event Type	# of Participants	Target Group	Event Description	Objectives/Purpose





# **EXHIBIT E**

## Community Engagement: Max 10 points

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This rubric is used by reviewers of Homekey applications to score the Community Engagement component of the application.



### Start here

In order to meet the needs of future residents, HCD expects Homekey awardees to actively engage people with lived expertise in accessing and providing homeless services and housing. Insights gained from these engagements should be included in the planning, design, implementation, and evaluation of the project. Effective community engagement will solicit the experience of people currently experiencing homelessness, people with lived experience of homelessness, and frontline service workers to identify barriers and co-design solutions.

- ✓ Detail how Community Based Organizations (CBOs), members of the target population, and frontline staff have been meaningfully involved in the visioning and development of this project.
- ✓ Explain in which stage(s) of the process members of the target population and CBOs have been and will be engaged and the impact of this engagement on the design of the project.
- ✓ Explain efforts made to involve people currently experiencing homelessness and people with lived experience of homelessness, including how meetings were advertised and made accessible.



### Example Score

- ★ Engagement of CBOs and Target Population (4 points possible):
  - 4 points – CBOs and/or members of the target population played a major role in the design and development of the program and continue to provide iterative feedback; applicant provides evidence that this input was incorporated into program design and development.
  - 3 points – CBOs and members of the target population were consulted; applicant provides evidence that feedback was incorporated into program design and development.
  - 2 points – CBOs and members of the target population were consulted; applicant provides no evidence of incorporating feedback into project design and development.
  - 1 point – Community Based Organizations (CBOs) and members of the target population were informed of but not involved in project design and development.
  
- ★ Future Engagement (2 points possible):
  - 2 points – Applicant provides a specific and time-bound plan for future engagement with CBOs and project residents.
  - 1 point – Applicant provides a plan for future engagement that is not detailed and
  
- ★ Accessibility of Community Engagement Events (2 points possible):
  - 2 points – Applicant provides evidence that engagements were safe, accessible in multiple languages (if relevant), held in a location convenient to the target population, provides evidence of addressing relevant additional barriers (child-care, transportation, etc.)
  - 1 point – Applicant provides evidence that engagement strategies were safe,
  
- ★ Exceptional Effort (2 points possible):
  - 2 points - Applicant provides evidence of research into and use of best-practices in engaging target population; provides evidence of measurable improvement on prior community engagement by the applicant.
  - 1 point – Applicant provides evidence of research into and use of best-practices on

## Community Engagement: Max 10 points

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### Guiding questions

- ☐ Were members of the target community or CBOs involved in development and selection of Project components included in application?
- ☐ Did Applicant make efforts to inform stakeholders about Project development process in order to solicit their input?
- ☐ Did Applicant demonstrate that opportunities for resident involvement were marketed and made accessible to multiple constituencies, especially low-income, disadvantaged, and otherwise vulnerable groups? If special consideration was given to targeting, attracting, or centering the involvement of the area's most vulnerable populations, please make note of this.
- ☐ Does Applicant detail a clear process for identifying needs of residents and key stakeholders from Project area?
- ☐ Does Project demonstrate the incorporation of community input and identified needs?
- ☐ Are a broad spectrum of community needs addressed, beyond basic housing?
- ☐ If applicable, how did the Applicant adapt their engagement strategies to account for COVID-19 related limitations to safe methods of engagement?

# **EXHIBIT F**



**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

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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

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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
<b>Total CCE Preservation Funds</b>			<b>\$195,000,000</b>

***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](mailto: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](mailto: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](mailto: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](mailto: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 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](#); 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 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](#); 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	County	OSP Allocation	CP Allocation
Alameda	\$1,519,607	\$4,136,116	Placer	\$200,000	\$534,669
Alpine	-	-	Plumas	-	-
Amador	\$200,000	\$200,000	Riverside	\$1,779,052	\$4,842,283
Butte*	-	-	Sacramento	\$2,416,546	\$6,577,434
Calaveras	\$200,000	\$ 200,000	San Benito*	-	-
Colusa	-	-	San Bernardino	\$2,787,182	\$7,586,243
Contra Costa	\$1,189,741	\$3,238,276	San Diego	\$3,346,842	\$9,109,544
Del Norte	-	-	San Francisco	\$1,497,369	\$4,075,588

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County	OSP Allocation	CP Allocation	County	OSP Allocation	CP Allocation
El Dorado	\$200,000	\$200,000	San Joaquin	\$1,337,996	\$3,641,800
Fresno	\$1,100,789	\$2,996,162	San Luis Obispo	\$200,000	\$373,259
Glenn	\$200,000	\$200,000	San Mateo	\$819,105	\$2,229,468
Humboldt	\$200,000	\$200,000	Santa Barbara	\$263,151	\$716,254
Imperial	\$200,000	\$413,612	Santa Clara	\$1,619,679	\$4,408,495
Inyo*	-	-	Santa Cruz	\$478,120	\$1,301,363
Kern	\$830,224	\$2,259,732	Shasta	\$200,000	\$373,259
Kings	\$200,000	\$200,000	Sierra	-	-
Lake	\$200,000	\$200,000	Siskiyou	\$200,000	\$200,000
Lassen	\$200,000	\$200,000	Solano	\$574,486	\$1,563,654
Los Angeles	\$19,654,821	\$53,497,135	Sonoma	\$340,985	\$928,104
Madera	\$200,000	\$242,114	Stanislaus	\$1,515,901	\$4,126,028
Marin	\$218,675	\$595,197	Sutter	\$544,835	\$1,482,949
Mariposa	-	-	Tehama	\$218,675	\$595,197
Mendocino	\$200,000	\$200,000	Trinity	\$200,000	\$200,000
Merced	\$200,000	\$232,026	Tulare	\$448,469	\$1,220,659
Modoc	-	-	Tuolumne	\$200,000	\$200,000
Mono	-	-	Ventura	\$563,367	\$1,533,389
Monterey	\$644,906	\$1,755,327	Yolo	\$200,000	\$282,466
Napa	\$200,000	\$200,000	Yuba	\$200,000	\$200,000
Nevada	\$200,000	\$200,000	TOTAL	\$54,747,179	\$142,488,003
Orange	\$4,636,655	\$12,620,199			

\*Counties marked with an asterisk have licensed facilities, but the allocation methodology used did not match the licensed facilities (not vendored 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](mailto: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](mailto: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](mailto: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](mailto: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 III
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 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](mailto: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 G**



Social Services

## 2022 County Letters

[County Letter \(December 30, 2022\)](#)

Final Sharing Ratios for Fiscal Year (FY) 2021-22 for the California Work Opportunity And Responsibility To Kids (CALWORKS) - CA 800 Federal Assistance Expenditures

[County Letter \(December 30, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs) Guidance For Welfare-To-Work, (WTW) Employment Services During Covid-19 Pandemic Recovery: Client Engagement And Preservation Of Assistance For Families

[County Letter \(December 29, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs): Eligibility For Disaster Victims And Evacuees Affected By The Earthquake In Humboldt County

[County Letter \(December 21, 2022\)](#)

CalFresh Extension Of Waivers In Response To Coronavirus: Initial And Recertification Interview And Telephonic Signature

[County Letter \(December 14, 2022\)](#)

Extension Of Eligibility Date For Afghan Populations And Additional Acceptable Immigration Documentation Requirements

[County Letter \(December 14, 2022\)](#)

Notice Of Fiscal Year (FY) 2022-23 And FY 2021-22 Community Care Expansion Preservation Funds For Counties

[County Letter \(December 9, 2022\)](#)

CalFresh Emergency Allotments For December 2022

[County Letter \(November 18, 2022\)](#)

CalFresh Pre-Release Application Process For Incarcerated Individuals In State Prisons And County Jails

[County Letter \(November 17, 2022\)](#)

Extension Of COVID-19 Flexibilities For Refugee Cash Assistance, Entrant Cash Assistance, Refugee Support Services, Services To Older Refugees, And Trafficking And Crime Victims Assistance Program Cash Assistance

[County Letter \(November 10, 2022\)](#)

U.S. Department Of Homeland Security Final Rule: Public Charge Ground Of Inadmissibility,



## Social Services

California Work Opportunity And Responsibility To Kids (CalWORKs) Home Visiting Program (HVP): Continuation Of Laptop Loaner Program, Also Known As Laptops 4 Life (L4L) Program

[County Letter \(November 1, 2022\)](#)

CalFresh Emergency Allotments For November 2022

[County Letter \(October 24, 2022\)](#)

California Department Of Social Services EBT Card Skimming And Benefit Theft Public Service Announcement Video

[County Letter \(October 11, 2022\)](#)

CalFresh Emergency Allotments For October 2022

[County Letter \(September 26, 2022\)](#)

CalFresh Extension Of Waivers In Response To Coronavirus: Initial And Recertification Interview And Telephonic Signature

[County Letter \(September 23, 2022\)](#)

Solicitation Of County Participation In A Supplemental Nutrition Assistance Program Fraud Prevention, Detection, And Investigation Pilot With Thomson Reuters

[County Letter \(September 21, 2022\)](#)

Notice Of Fiscal Year 2022-23 Funding For The CalWORKs Housing Support Program, Bringing Families Home Program, Housing And Disability Advocacy Program, And Home Safe Program

[County Letter \(September 20, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs): Eligibility For Disaster Victims And Evacuees Affected By The Fork Fire In Madera County, The Barnes Fire In Modoc County And The Mountain Fire In Siskiyou County

[County Letter \(September 20, 2022\)](#)

CalWORKs And CalFresh Treatment Of The Racial Equity Implicit Bias Initiative Focus Group Payments

[County Letter \(September 9, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs): Eligibility For Disaster Victims And Evacuees Affected By The Mosquito Fire In Placer County And El Dorado County And The Fairview Fire In Riverside County

[County Letter \(September 8, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs) And CalFresh Guidance





## Social Services

### [County Letter \(September 9, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs): Eligibility For Disaster Victims And Evacuees Affected By The Mill Fire In Siskiyou County

### [County Letter \(September 2, 2022\)](#)

CalFresh State Quality Control Case Review Flexibilities For The Remainder Of Federal Fiscal Year (FFY) 2022 Due To COVID-19

### [County Letter \(September 2, 2022\)](#)

CalFresh Emergency Allotments For September 2022

### [County Letter \(August 19, 2022\)](#)

CalFresh Emergency Allotments For August 2022

### [County Letter \(August 2, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs) Use Of Family Stabilization (FS) To Assist Welfare-To-Work (WTW) Participants During The Current Baby Formula Shortage (Erratum)

### [County Letter \(August 1, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs): Eligibility For Disaster Victims And Evacuees Affected By The McKinney, China 2 And Evans Fires In Siskiyou County

### [County Letter \(July 26, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs): Eligibility For Disaster Victims And Evacuees Affected By The Oak Fire In Mariposa County

### [County Letter \(July 22, 2022\)](#)

Revision Of All County Welfare Directors Letter Dated July 6, 2022, Attachment B

### [County Letter \(July 8, 2022\)](#)

CalFresh Emergency Allotments For July 2022

### [County Letter \(July 6, 2022\)](#)

Update To The Work Number® Express Memorandum Of Understanding

### [County Letter \(July 6, 2022\)](#)

Eligibility of Humanitarian Parolees From Ukraine

### [County Letter \(July 5, 2022\)](#)

CalFresh And California Work Opportunity And Responsibility To Kids (CalWORKs) Treatment Of Income Received From The Low-Income Household Water Assistance Program

### [County Letter \(June 30, 2022\)](#)

Estimated Sharing Ratios For Fiscal Year (FY) 2021-22 For The California Work Opportunity





## Social Services

California Work Opportunity And Responsibility To Kids (CalWORKs). Final Timeline For Classifying Overpayments Incurred During The Covid-19 Pandemic Emergency As Administrative Error

[County Letter \(June 21, 2022\)](#)

CalFresh Extension Of Waivers In Response To Coronavirus: Initial And Recertification Interview And Telephonic Signature, And Quality Control Face-To-Face Interview Waiver

[County Letter \(June 15, 2022\)](#)

Revised Acceptable Immigration Documentation And Benefit Eligibility Period Updates For Afghan Populations

[County Letter \(June 9, 2022\)](#)

CalFresh Emergency Allotments For June 2022

[County Letter \(June 8, 2022\)](#)

Request For All County Welfare Departments To Participate In The Race Equity And Implicit Bias Landscape Survey

[County Letter \(June 6, 2022\)](#)

Updated EBT Card CVV Enablement And Card Replacement

[County Letter \(June 3, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs) Use Of Family Stabilization (FS) To Assist Welfare-To-Work (WTW) Participants During The Current Baby Formula Shortage

[County Letter \(May 27, 2022\)](#)

Time Extension Of Eligibility Period For The Refugee Cash Assistance (RCA), Entrant Cash Assistance (ECA), And Trafficking And Crime Victims Assistance Program (TCVAP) Cash Assistance

[County Letter \(May 27, 2022\)](#)

County Disaster CalFresh Plans For Federal Fiscal Year 2023

[County Letter \(May 27, 2022\)](#)

California Work Opportunity And Responsibility To Kids (CalWORKs) Home Visiting Program (HVP) Planning Allocation For FY 2022-2023

[County Letter \(May 3, 2022\)](#)

CalFresh Employment And Training: Federal Fiscal Year 2023 Annual Plan Submission

[County Letter \(May 3, 2022\)](#)

CalFresh Emergency Allotments for May 2022



## Social Services

[County Letter \(April 7, 2022\)](#)

CalFresh Emergency Allotments for April 2022

[County Letter \(April 6, 2022\)](#)

Amendment to The Cell-Ed Skills 4 Life (S4L) Remote Learning Services (RLS) Contract

[County Letter \(April 5, 2022\)](#)

County Welfare Department Advance Payments to Support The Pandemic Emergency Assistance Fund Payments

[County Letter \(March 29, 2022\)](#)

CalFresh Extension Of Waivers In Response To Coronavirus: Initial And Recertification Interview And Telephonic Signature

[County Letter \(March 21, 2022\)](#)

CalFresh Emergency Allotments for March 2022

[County Letter \(March 17, 2022\)](#)

EBT Card CVV Enablement and Card Replacement

[County Letter \(March 3, 2022\)](#)

Extension Of Flexibilities For Refugee Cash Assistance, Entrant Cash Assistance, Refugee Support Services, Services To Older Refugees, And Trafficking And Crime Victims Assistance Program Cash Assistance

[County Letter \(February 23, 2022\)](#)

CalFresh Emergency Allotments For February 2022

[County Letter \(February 14, 2022\)](#)

May Is CalFresh Awareness Month

[County Letter \(February 11, 2022\)](#)

Notice Of Funding For The Bringing Families Home Program

[County Letter \(January 21, 2022\)](#)

CalFresh Emergency Allotments For January 2022

[County Letter \(January 20, 2022\)](#)

2022 CalWORKS Eligibility Case File Reviews



## Social Services

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# **EXHIBIT H**

# Application Questions

Completed - Jul 11 2022

## Application Questions

Section 1 - Site & Agency Info: Tell us about your proposed CDE Project

which type of funding source are you applying for?

See the application guide and section 3.5 of the Joint RFA to learn more.

Capital Expansion ☒ New CDE ☐

### 1. Project Title and Location

Project Title	TGI Medical Respite Expansion
Street Address 1	300 Elefa St.
Street Address 2	(No response)
City	Roseville
State	CA
Zip	95678
County	Placer
Parcel/APN# (optional)	011-092-010-000

### 2. 1a) What type of entity is the lead applicant?

Nonprofit Corporation (please provide evidence of nonprofit status)

is there a co-applicant?

No

2. (b) If applicable, what type of entity is the co applicant?

(No response)

### 3. information

This section is for information about the City, County, Agency, Tribal Entity, or Organization applying for funding. Enter Telephone in xxx-xxx-xxxx format.

Name of Entity

The Gathering Inn

Street Address

201 Berkeley Ave.

City

Roseville

State

CA

Zip

95678

Email Address

thet@gatheringinn.com

Telephone

916-662-5352

Website

thet@gatheringinn.com

**Lead Authorized Representative**

In this section, enter the Tax ID and GE/DUNS for the applicant Entity. See the application guide for important information regarding the DUNS transition that took place in April. Enter N/A as required.

First Name	Keith
Last Name	Diederich
Title	President & CEO
Email Address	keith@thecatherincinn.com
Telephone Number	916-945-1242
Applicant Tax ID #	84-1657746
Unique Entity ID # (Formerly DUNS)	189981918

**Project Director**

Enter N/A if this person is the same as Lead Authorized Representative listed above.

First Name	Rolande
Last Name	Tellier
Agency or Tribal Entity Name	The Gathering Inn
Telephone Number	916-662-5351
Email Address	rtellier@thecatheringinn.com

**4. Are you also applying for BHCIP funding?**

Yes	
-----	--

5. If the applicant is a private for-profit organization that does not have prior experience, it must collaborate with a nonprofit organization, tribal entity, city, or county, and provide the following (see [RFA Section 3.1](#)). Please submit the supporting document(s) when you reach the Documents tab of the application.

If applicable, indicate whether applicant has an MOU or other agreement, or related prior experience, as stated

below.

not applicable

6. Describe the applicant's or developer's experience relevant to acquiring and/or rehabilitating and operating the project.

Limit 500 words.

REF and CG 39150 have extensive experience in building facilities that serve the homeless population. Since 1999 TGI has acquired 17 residential homes and their main campus which includes a day service/navigation center, life operations, mental health services, medical and dental services, a clothing/donations closet and case management. The main campus was rehabilitated in 2020 along with 3 of the permanent supportive housing residential homes.

#### Site Info: Pre-Application Consultation

7. Enter the PAC confirmation Code as well as the name of the Lead Implementation Specialist assigned to your PAC.

Your AHP Implementation Specialist will provide you with the PAC code; contact them if you require assistance. If you haven't scheduled your PAC, you can save your application now and visit [this page](#) to learn more.

PAC Code: 387406  
Last name of PAC Implementation Specialist: Pazolt

#### Section 2 - Project Information



3. Please select the type of project according to requirements of eligible projects outlined in the RFA in Section 3.2: Eligible Uses. Interested applicants should discuss project types during the pre-application consultation. Using the *fillable* boxes beside the project types, enter the number of beds or units being expanded per facility type included in the project. Include expansion numbers only.

Responses Selected:

Other residential care settings that serve the target population, including recuperative care sites: 30

If more than one project type, please explain below:

If not, please put "NA"

NA

If other was checked, please explain:

If not, please put "NA"

Recuperative Care

3. Does your project support efforts to ensure care can be provided in most appropriate and least restrictive settings to support community integration, choice, and autonomy and/or reduce homelessness?

Yes

Please describe:

FOUO's medical respite is provided in a low barrier home-like setting in a suburban neighborhood. For guests that do not have a personal vehicle onsite, public transportation is within 2.2 miles and FOUO's van is available to assist guests. These transportation options will assure guests have access to medical appointments as well as the University's nearly 63,000 sq. ft. shopping center are free to use. It's so good, it's free. We encourage all guests to use it.

Employment

10. Identify each of the States Priorities your project is targeting (RSA Section 1.2), and describe how the project will meet those priorities.

State Priorities	Is your project targeting this priority?	If yes, please describe how your project will meet this state priority
Invest in behavioral health and community care options that advance racial equity	No	
Seek geographic equity of behavioral health and community care options	Yes	The Gathering Inn (TGI) is the only agency in Placer County operating a medical respite program for people experiencing homelessness. The current medical respite program is located in Mid-Placer County, and the proposed expansion will be located in South Placer County.
Address urgent gaps in the care continuum for people with behavioral health conditions, including seniors, adults with disabilities, and children and youth	No	
Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization	Yes	Guests in the medical respite program are offered support to transition into various programs including supportive housing, rapid rehousing, transitional housing, and Project Homekey to prevent return to places not meant for habitation.
Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing homelessness and justice involvement	Yes	Guests are assigned a case manager to assist with establishing a case plan, connecting with a primary care doctor, keeping follow up medical appointments, and identifying opportunities for housing. Without proper support to keep follow up appointments, manage prescriptions, and ensure proper nutrition during recuperation, it is extremely likely that the individual will return to the emergency room or

Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy	Yes	<p>be re-admitted very soon after discharge.</p> <p>TGI's medical respite is provided in a low barrier, home-like setting in a suburban neighborhood. For guest that do not have a personal vehicle onsite, public transportation is within 0.2 miles and TGI's van is available to assist guest. These transportation options will assure guest have access to medical appointments as well as the numerous nearby services and shopping. Guests are free to come and go during the day, are encouraged to seek employment.</p>
Leverage county and Medi-Cal investments to support ongoing sustainability	Yes	<p>TGI has been approved by both managed care plans in the county to provide community supports, including medical respite, under the Cal-AIM initiatives.</p>
Leverage the historic state investments in housing and homelessness	Yes	<p>TGI currently administers rapid rehousing funds and works closely with landlords and housing authorities to identify housing opportunities, and the existing medical respite program has the support of the major hospital systems in the county (Sutter Auburn Faith, Sutter Roseville, and Kaiser).</p>

11. Describe how the proposed project will expand community capacity for serving the target populations and address urgent gaps in the care continuum

Under CCE, this includes seniors and adults with disabilities who require long-term care supports, giving priority to applicants and recipients of Supplemental Security Income/State Supplementary Payment (SSI/SSP) and/or Cash Assistance Program for Immigrants (CAPI) benefits who are at risk of or experiencing homelessness.

Please include data that demonstrates the project's need. This may include, for example, a county needs assessment, a facility wait list, the number of comparable facilities in the area, or other quantifiable documentation.

(Limit 500 words.)

Calabasas has been operating a Medical Respite Program (MRP) in Placer County in partnership with Sutter Health and Kaiser since 2009. At its beginning, the program provided a limited number of services aimed at improving health and housing outcomes of the homeless. These services included shelter, food, and basic needs, managed under the supervision of behavioral and psychiatric staff. In the fiscal year 2020-21, the program served 27 individuals. It is a non-voluntary CCE program as outlined on 2020-21 CCE Services: Sutter Community Health Needs Assessment (CHNA) and Placer County's Continuum of Care Gaps Analysis. The needs below are universal to both reports.

1. Access to Mental/Behavioral/Substance Abuse Services
2. Access to Quality Primary Care Health Services
3. Access to Basic Needs Such as Housing, Jobs, and Food
4. Injury and Disease Prevention and Management
5. Access to Specialty and Extended Care
6. Active Living and Healthy Eating Resources

Today, Placer's MRP provides 24-hour staff who are trained to support individuals suffering from severe mental illness (SMI) and substance use disorder (SUD). In addition to round-the-clock staffing, the program employs a full-time Program Director and Case Manager to provide a range of services including linkage to primary and specialty care physicians, referrals to health agencies, mental health providers, substance abuse programs, income assistance, employment, housing, and transportation.

in 2021:

- 72% of guests were discharged to either CC or a transition care facility
- Less than 1% of guests returned to the hospital

80% of guests who entered the program without a primary care provider established a medical home.

Near the end of 2021, the program increased its capacity from 5 to 10 beds and is now able to serve 100 individuals annually. Despite this increase in capacity, we still have over 200 people a year that need medical respite.

In 2017, Placer County through the Whole Person Care Pilot Program, recognized the lack of medical respite care for homeless persons in the region and partnered with TGI to open a second facility. However, the county chose to discontinue the program after the pilot period. Today, TGI is the sole provider of medical respite services in the county.

In 2022, TGI became an approved Community Supports provider under CalMatters and is contracted with both managed care plans in Placer County and will soon be receiving referrals from non-hospital sources. TGI is seeking funding to design and build a 30-bed medical respite facility which will have the capacity to serve 300 individuals, annually expanding the community's capacity for Medical Respite Services by 200%.

As of 2022, TGI was selected as one of 15 organizations located throughout the county to participate in a 12-month learning collaborative supported by Kaiser and the National Institute for Medical Respite Care (NIMRC). Participants will attend monthly learning sessions to share best practices and assist each other with challenges of starting or operating a medical respite. Funding associated with the project will allow for staff training and the addition of a part-time registered

**12. BHCIP ONLY – NO CCE RESPONSE REQUIRED: Does the proposed project commit to serving applicants and recipients of Medi-Cal benefits?**

Does Not Apply - CCE Only

**13. BHCIP ONLY – NO CCE RESPONSE REQUIRED: Of the population that will be served by your project, what is the projected percentage of Medi-Cal beneficiaries?**

Select N/A from the drop down menu

N/A - CCE Only

**14. Does the proposed project commit to serving applicants and recipients of SSI/SSP or CAPI benefits?**

Yes

**15. Of the population that will be served by your project, what is the projected percentage of SSI/SSP or CAPI applicants or recipients? Provide current (if applicable) and projected percentages:**

	Current percentages	Projected future percentages
SSI/SSP	38	45
CAPI	0	1

**16. Which of the following best describes the project's construction type? Enter values for square footage as numbers only; e.g., 2,354 sqf should be entered as 2354. Square footage should be for the project site only.**

Construction Type	New ground-up construction (e.g., a new facility or new setting being built)
Total Project Square Footage	6500

**17. Will the applicant need to purchase land for the proposed project?**

Yes

18. Please check the box(es) that apply to the current application request and include the funding amount requested for each phase:

These options are limited based on the first question asked in the application.

Only whole numbers are allowed (no decimals). This is to aid automated match calculation.

The numbers entered below should be the same values given for Total Cost: Funded by Grant in the corresponding section on the required Budget Template document. Do not include match, only grant amount being requested.

See the [Budget Narrative Guide](#) for examples of allowable costs for each section below, as well as Sections 3.4 and 3.5 of the [Joint RFA](#).

Applicants are encouraged to discuss acceptable uses of Feasibility and Pre-Development costs with their AHP Implementation Specialist.

		Funding amount requested for phase
Feasibility	✓	36300
Development Planning	✓	158400
Acquisition (including Land)	✓	251865
Rehabilitation of Existing Facility for Expansion	✗	
New Construction	✓	5906402

19. Does the facility already exist? If yes, a box will appear below for additional information.

No

20. Is the facility licensed and in good standing? If yes, a box will appear below for additional information.

(No response)



21. If the project is new construction (i.e., a new facility or new setting being built), how many individuals from the target populations will it serve annually?

Annual Capacity	300
Number of Beds or Units	30

22. If the project is an expansion (addition, renovation, or adaptive reuse) of an existing facility or setting, how many more individuals from the target populations will it serve than at present, and what is the percentage increase in numbers served?

As applicable, provide the number of beds or units. For 'Total New Beds or Units' combine existing beds serving the target population with additional beds for this total.

Enter 'N/A' as appropriate.

Annual Increase in Capacity	(No response)
Number of New Beds or Units	(No response)
Total New Beds or Units	(No response)

23. If the applicant is renovating a facility that is providing services to existing clients and the clients must be temporarily relocated during the renovation, does the applicant certify that they are adhering to all applicable relocation plan requirements and licensing and/or certification requirements?

Not applicable
----------------

**24. Describe the planned facility, including the types of services that will be offered. (Limit 500 words.)**

TG's vision is to construct a two-story residential style home dedicated to housing medically fragile homeless individuals. This building was thoughtfully designed by our planning committee, who has 18 years' experience in the medical respite field and is crafted with an outward mindset, taking into consideration years of feedback and suggestions from our clients. Similar to "Life's Pledge," this 259 sq. ft. building will have a CV, kitchen, bathroom, and a private care area and will be inclusive of all individuals regardless of race, ethnicity, gender, or sexual orientation.

The proposed facility will serve 360 guests annually and will offer the following:

- A low-barrier facility: we treat those who use drugs with dignity and respect, meeting them where they are and reinforcing positive change by reducing the stigma associated with recreational or problematic drug use.
- 20 beds – 10 single occupancy rooms, 10 double occupancy rooms
- 3 meals a day including options for guests with dietary restrictions
- 24-hr. showering and laundering facilities to promote proper hygiene
- Access to computers, internet, and phones
- Access to clothing, shoes, and personal hygiene items
- Clean linens upon admission

• Free call-in for non-emergency medical inquiries when 24-hour crisis is not on site

- Clinical staff support, 20 hours a week

• One drug and alcohol classes: TG's substance use disorder specialist will work directly with guests to develop a plan for recovery in a harm-reduction environment

- One life skills class
- Case management support 40 hours a week to connect guest with other agency benefits
- One mental health services: TG's mental wellness program provides guests with individualized care and treatment options to break the cycle of homelessness

• Transportation

- Job Placement
- Discharge Planning
- 24-hour staff support
- Social events, games, and activities - guests enjoy community events that bolster physical and mental wellness.

• Access to TG's Mobile Central Clinic

- Access to TG's Housing Specialist

25. Please identify the source(s) and amount of cash and/or in-kind contributions—such as land or existing structures—that fulfill the match requirement. Services are not allowed as match. (See 38A Section 3.2.)

Use as many of the item lines below as needed. Enter whole values only, no decimals. Do not enter ranges.

Item	Source	Amount
Item 1	Land	475000
Item 2	Feasibility	30000
Item 3	Pre-Development	44000
Item 4		
Item 5		

### Section 3 - Site Readiness

26. Does the applicant have evidence of site control? Site control must include one of the following:

fully executed option to purchase, sales contract, or other enforceable agreement to acquire the property.

27. If the applicant does not have evidence of site control (e.g., answered no on Question 26), please describe the plan and timeline for obtaining site control, and provide supporting evidence and a memorandum of understanding (MOU) or partnership agreement between site owner/applicant. (Limit 500 words.)

No response

28. Does the applicant have all needed local, regional, and state approvals, will-serve letters, and building permits?

No response

29. List all approvals and permits that will be required to complete the project, and describe your strategy for obtaining them. (Limit: 500 words.)

The City of Rosville requires a Plan Review, which demonstrates compliance of drawings and specifications with current code and design criteria. G&G Builders will facilitate planning through a pre-application meeting with CEQA and apply for building permit, building Caltrans and Title 24.

30. Does the applicant have documentation of all required behavioral health facilities and services certifications/licenses, including those required by the appropriate state department?

No

31. If the project can't be licensed/certified by the state or at the local level until it is completed (e.g., it answered 'No' on Question 30), please list the relevant licensing/certification timelines and requirements. (Limit: 500 words.) Please note: As part of the technical assistance that will be made available, applicants will be guided through the licensure and certification process to prepare them for the possibility of being successfully licensed or certified.

Medical respite facilities are not licensed, so there is no documentation required.

32. Please provide a detailed narrative description of the proposed project's construction and design, including how the design will serve the target population(s).

Please describe any preliminary site plans, design drawings, and/or construction plans for the proposed project. This may include cost estimates with valid budgetary numbers from an architect, engineer, or licensed general contractor. If no construction plan is yet in place, please submit a valid Rough Order of Magnitude (ROM) cost estimate from an architect, engineer, or licensed general contractor. Please include a description of site amenities (examples: community and common areas, laundry, gated access, security, recreational areas, pool, community gardens, etc.) and sustainable and green building elements. Please describe any site mitigation requirements and complex or costly structural or site/topographical requirements. The narrative should also include an explanation of any required demolition and on-site improvements, as well as a detailed construction breakdown of these expenses. (Limit 1500 words)

The proposed project is a 6,500 square foot, 2-story residential style home. The home will accommodate 20 bedrooms, half of which will be single occupancy and the other half will be double occupancy making the total capacity of the home 50 guests. Each floor will have a minimum of three gender-neutral private showers and restrooms. All rooms and showers/restrooms will be ADA compliant and wheelchair accessible and an elevator will be installed to access the second floor if guests are unable to use stairs.

Site amenities will include a commercial kitchen and a staff-managed laundry facility. A community dining and indoor pool area will be accessible to all guests 24 hours a day. An outdoor recreation and BBQ area will also serve as a designated smoking area. Parking on site is available.

The site will include a private medical examination room and locked medication closet. Security cameras will be installed around the exterior of the home as well as in interior common areas and hallways.

Administrative offices for the program director and case manager are included in the design.

No mitigation, demolition or on-site improvements are required.

A ROM cost estimate is included with the proposal as an attachment.

33. Please upload the following documents:

- A completed schematic design checklist BHCIP/CCE Joint RFA Application 11
- Any preliminary site plans, design drawings, or construction drawings for the proposed project--- these may include schematic designs, architectural drawings, construction blueprints, and/or other renderings (please limit each file size to less than 20 MB)
- Resumes of the development team that developed the design/construction plans
- A copy of all executed contracts for hire related to your project's development team (lawyer, construction manager, development manager, architect, consultants, contractor, etc.)

If you do not have one or more of the requested documents available, please share your timeline for completing them in the box below. Otherwise, enter "NA"

Contracts for development manager (PM), team, and construction team (C&C Builders) will be executed upon award.

34. Please fill out and upload the schedule for design, acquisition of the property, and/or development or rehabilitation. Design, acquisition, or development/rehabilitation should begin within 6 months of funding award, subject to achieving necessary permits and approvals.

#### Section 4 - Community Support and Engagement

35. To demonstrate support for the proposed project, please attach a letter of support from one or more of the following:

Label all letters of support as follows: LOS\_Project Title\_Agency or Role of Author. An example would be: LOS\_Sunny Acres Rehab\_Keim County Bri Department. Abbreviations are fine.

#### Responses Selected:

County board of supervisors, county behavioral health director, or county executive  
City council  
Applicant's CEO and/or board (if applicable)  
Stakeholders or other community-based organizations

36. How will you demonstrate local engagement in the project? Be prepared to upload Form G: Community Engagement Tracker in the documents upload section. This form explains how stakeholders e.g., community-based organizations (CBOs), members of the target population, residents, civic leaders, and frontline staff have been meaningfully involved in the visioning and development of this project.

37. Describe how the project will address inequities for the target population(s) and meet the needs of individuals from diverse backgrounds. Examples of types of diversity include race, religion, country of origin, language, disabilities, culture, economic background, gender, sex, and behavioral health. The description should include supporting evidence of the strategies' effectiveness, if available. (Limit 500 words.)

The demographics of the population we serve is consistent with the population of Placer County:

The Gathering Inn is in Placer County

White 80% 79%

Black 2% 2%

American Indian 4% 3%

Asian 1% 0%

Native Hawaiian 1% 1%

Multi-Ethnic 6% 5%

Hispanic 15% 19%

Chronically Homeless: 30%

Veterans: 8%

Serious Mental Illness: 7%

Substance Abuse Disorder: 19%

Currently fleeing domestic violence, sexual assault, dating violence or stalking situation: 1.2%

16% who have lived in foster care or group home

38. For the racial and ethnic populations that will be served, provide your best estimate of the percentage of the total people of each population. (Percentages must add up to 100%. Enter "0" if the population will not be served.)

	Percent
African American/Black: %	6
Asian American/Pacific Islander: %	2
Latino/Hispanic: %	0
Native American/Alaska Native: %	4
White: %	80
Mixed race: %	3
Other: % (please specify below and limit your response to a paragraph)	0
Total	100.0

39. How have you verified that your projected percentages reflect the community you plan to serve, and how will you measure successful utilization? Please include any data sources used for comparison.

Our programs require proof of residency in Placer County to be eligible for services. Residency can be confirmed by a verified letter from a local business or health care provider, email or print publication (e.g., local newspaper), "official" mail (social security or government-related documents), and involvement with Placer County probation or parole. Utilization will be measured by number of referrals received and demographic data or guests is reported in the Homeless Management Information System (HMIS).

## Verify Charity Status

Completed - Jul 11 2022  
 Company: Gathering Inn  
 Country: United States  
 EIn: 841657746  
 State: CA

## Budget Template: Pre-Development and Feasibility Funding

Incomplete - Hidden from applicant

Applicants pursuing Pre-Development funding must fill out and submit the **Pre-Development Budget Template**. If you require assistance filling out this budget form, or any other forms for this application, contact your AHP Implementation Specialist or email [CE@csd.ca.gov](mailto:CE@csd.ca.gov).



Applicants should review the [Budget Narrative and Glossary of Terms](#) for key information on how to fill out this budget template.

If you are pursuing Full CCE Capital Expansion Funding, you may still request funding for Pre-Development and Feasibility on the corresponding budget template for that application type.

Only excel file types (.xls) or (.xlsx) are accepted.

For a 508 compliant version of this budget template, email [CCE@dss.ca.gov](mailto:CCE@dss.ca.gov).

## Budget Template - Full CCE Funding

Completed - Jul 11 2022

Applicants asking for any other funding besides pre-development and feasibility are required to upload the [Full CCE Budget Template](#). If you require assistance completing this budget form, or any of the other forms or attachments for this application, please contact your AHP Implementation Specialist or email [CCE@dss.ca.gov](mailto:CCE@dss.ca.gov).

Applicants should review the [Budget Narrative and Glossary of Terms](#) for key information on how to fill out this budget template.

Full CCE funding may also include funding for Pre-Development and Feasibility; those line items should be included on this budget.

Only excel files will be accepted. For a 508 compliant version of this template, contact [info@cce.info@ahpnet.com](mailto:info@cce.info@ahpnet.com).

### The Gathering Inn Full CCE Budget 2022-0601

Filename: The\_Gathering\_Inn\_Full\_CCE\_Budget\_2022-0601.xlsx Size: 28.7 kB

## Document Upload: Form 3: Schematic Design Checklist

Completed - Jul 11 2022

Please label all files for upload as follows: Document Title\_Project Title\_Date. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as Form 2 Budget\_Sunny Acres Project\_0601.

**Do not upload a password protected file.**

Form 3: Schematic Design Checklist

[SCHEMATIC-DESIGN-CHECKLIST \(Excel\)](#)

### Form 3: Schematic Design Checklist TGI\_061522

Filename: Form\_3\_Schematic\_Design\_Checklist\_TGI\_061522.xlsx Size: 22.2 kB

## Document Upload: Form 4: Design, Acquisition, and Construction Milestone Schedule

Completed - Jun 15 2022

Please label all files for upload as follows: Document Title\_Project Title\_Date. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as Form 2 Budget\_Sunny Acres Project\_0601.

**Do not upload a password protected file.**

Template: [Design, Acquisition, and Construction Milestone Schedule](#)

Template (excel format): [Design, Acquisition, and Construction Milestone Schedule](#)

## Form 4: Design Acquisition Construction Milestones TGI 061522

Filename: Form\_4\_Design\_Acquisition\_Construction\_kvCZx1L.xlsx Size: 20.1 KB

## **Document Upload: Form 5 Development Team Description/Contact Form**

Completed - Jun 15 2022

Please label all files for upload as follows: *Document Title\_Project Title\_Date*. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as *Form 2 Budget\_Sunny Acres Project\_0601*.

**Do not upload a password protected file.**

Form 5: Development Team Description/Contact

## Form 5: Development Team Information TGI 061522

Filename: Form\_5\_Development\_Team\_Information\_TG\_gONu9L0.xlsx Size: 19.9 KB

## **Document Upload: Form 6: Community Engagement Form**

Completed - Jul 7 2022

Please label all files for upload as follows: *Document Title\_Project Title\_Date*. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as *Form 2 Budget\_Sunny Acres Project\_0601*.

**Do not upload a password protected file.**

Form 6: Community Engagement Form

## TGI Community Engagement Form

Filename: TGI\_Community-Engagement-Form.xlsx Size: 15.6 KB

## TGI - Medical Respite overview and FAQs

Filename: TGI\_-\_Medical\_Respite\_overview\_and\_FAQs.pdf Size: 447.5 KB

## **Document Upload: Form 7: Applicant's Certification**

Completed - Jul 7 2022

Please label all files for upload as follows: *Document Title\_Project Title\_Date*. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as *Form 2 Budget\_Sunny Acres Project\_0601*.

**Do not upload a password protected file.**

Form 7: Applicants Certification

## The Gathering Inn Applicants Certification

Filename: The\_Gathering\_Inn-Applicants-Certification.pdf Size: 72.9 KB

## **Document Upload: Site Readiness Documents**

Completed - Jul 7 2022

Please label all files for upload as follows: *Document Title\_Project Title\_Date*. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could

be uploaded as Form 2 Budget\_Sunny Acres Project\_0601

Do not upload a password protected file.

### **TGI Site Readiness Prelim Commitment**

Filename: TGI\_Site\_Readiness\_Prelim\_Commitment.pdf Size: 503.7 kB

## **Document Upload: Letter(s) of support**

Completed - Jul 11 2022

Please label all files for upload as follows: *Document Title\_Project Title\_Date*. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as *Form 2 Budget\_Sunny Acres Project\_0601*.

Do not upload a password protected file.

### **The Gathering Inn Anthem\_061422**

Filename: The\_Gathering\_Inn\_Anthem\_061422.pdf Size: 165.9 kB

### **The Gathering Inn Health Net\_8**

Filename: The\_Gathering\_Inn\_Health\_Net\_8.30.22.pdf Size: 163.4 kB

### **The Gathering Inn Sutter\_0627**

Filename: The\_Gathering\_Inn\_Sutter\_0627.pdf Size: 896.5 kB

### **TGI - Elfa board resolution**

Filename: TGI\_-\_Elfa\_board\_resolution.pdf Size: 384.0 kB

### **TGI Letters of Support - 0707**

Filename: TGI\_Letters\_of\_Support\_-\_0707.pdf Size: 43.6 kB

### **TGI Community-Engagement-Form**

Filename: TGI\_Community-Engagement-Form\_a4Xmxiisx Size: 15.9 kB

## **Document Upload: Operating Agreement**

Completed - Jul 8 2022

Please label all files for upload as follows: *Document Title\_Project Title\_Date*. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as *Form 2 Budget\_Sunny Acres Project\_0601*.

Do not upload a password protected file.

### **Operating Agreement: TGI Bylaws Sept**

Filename: Operating\_Agreement\_TGI\_Bylaws\_Sept\_2022\_MEjpQH.pdf Size: 194.0 kB

## **Document Upload: Preliminary Site Plans, Design Drawings, or Construction Drawings**

Completed - Jul 6 2022

Please label all files for upload as follows: Document Title\_Project Title\_Date. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as Form 2 Budget\_Sunny Acres Project\_0601.

**Do not upload a password protected file.**

### 300 Elefa interior - TGI Medical Respite - 2022-0601

Filename: 300\_Elefa\_interior\_-\_TGI\_Medical\_Respite\_ocD4xki.pdf Size: 213.1 kB

### 300 Elefa birdseye rendering - TGI Medical Respite - 2022-0601



Filename: 300\_Elefa\_birdseye\_rendering\_-\_TGI\_Medic\_tT51xRB.jpg Size: 909.1 kB

### 300 Elefa rendering - TGI Medical Respite - 2022-0601



Filename: 300\_Elefa\_rendering\_-\_TGI\_Medical\_Respit\_YlVHQL.jpg Size: 1.3 MB

## **Document Upload: Development Team Resume**

**Completed** - Jul 6 2022

Please label all files for upload as follows: Document Title\_Project Title\_Date. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as Form 2 Budget\_Sunny Acres Project\_0601.

**Do not upload a password protected file.**

### RPM Team

Filename: RPM\_Team.pdf Size: 445.7 kB

### G&G Builders

Filename: GG\_Builders.pdf Size: 488.6 kB

## Document Upload: Contracts With Development Teams

Completed - Jul 7 2022

Please label all files for upload as follows: Document Title\_Project Title\_Date. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as Form 2 Budget\_Sunny Acres Project\_0601.

Do not upload a password protected file.

### TGI Contracts with Development Teams 0707

Filename: TGI\_Contracts\_with\_Development\_Teams\_0707.docx Size: 12.4 kB

## Document Upload: Collaboration Documents

Completed - Jul 7 2022

Please label all files for upload as follows: Document Title\_Project Title\_Date. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as Form 2 Budget\_Sunny Acres Project\_0601.

Do not upload a password protected file.

### Collaboration Documents TGI 0707

Filename: Collaboration\_Documents\_TGI\_0707.pdf Size: 38.2 kB

## Document Upload: Documents of Incorporation

Completed - Jul 6 2022

Please label all files for upload as follows: Document Title\_Project Title\_Date. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as Form 2 Budget\_Sunny Acres Project\_0601.

Do not upload a password protected file.

### 501(c)(3) Determination Letter Complete

Filename: 501(c)3\_Determination\_Letter\_Complete.pdf Size: 1.7 MB

### TGI Articles of Incorporation

Filename: TGI\_Articles\_of\_incorporation.pdf Size: 2.2 MB

## Document Upload: Plan to Obtain Site Control

Completed - Jul 5 2022

Please label all files for upload as follows: Document Title\_Project Title\_Date. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as Form 2 Budget\_Sunny Acres Project\_0601.

Do not upload a password protected file.

### TGI - Elsie Contract Package

Filename: TGI\_-\_Elsie\_Contract\_Package.pdf Size: 3.7 MB

**Document Upload: Memorandum of understanding (MOU) or other agreement with the nonprofit organization, tribal entity, city, or county to confirm the developer’s role in the project, including that they are working on behalf of the service provider**

Incomplete - Hidden from applicant

Please label all files for upload as follows: *Document Title\_Project Title\_Date*. Keep file names short – abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as *Form 2 Budget\_Sunny Acres Project\_0601*.

Do not upload a password protected file.

**Document Upload: Supporting Site Control Documents**

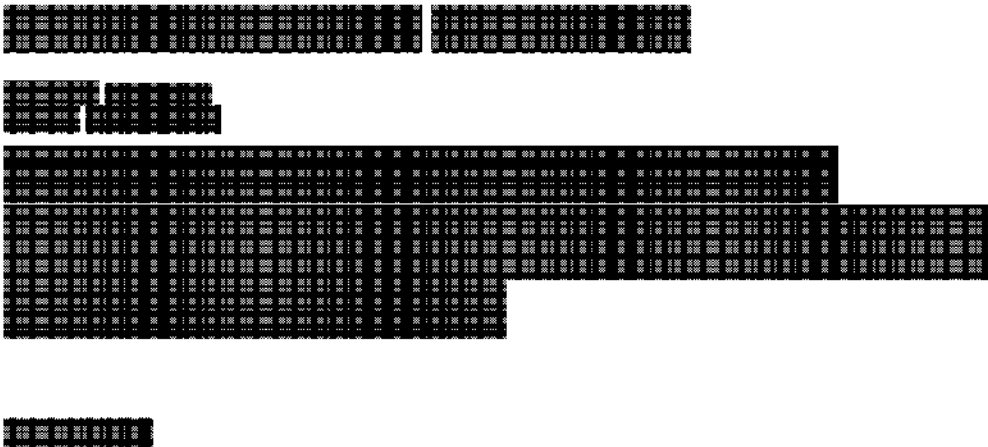
Completed - Mar 2 2023 - Hidden from applicant

Please label all files for upload as follows: *Document Title\_Project Title\_Date*. Keep file names short -- abbreviations are acceptable. Consistency is appreciated by the review team. Using this example, Form 2: Budget Template could be uploaded as *Form 2 Budget\_Sunny Acres Project\_0601*.

Do not upload a password protected file.

**CCE-1767623224 TCI: Medical Additional Documentation Submitted 2023-02-13**

Filename: CCE-1767623224\_TCI\_Medical\_Additional\_Do\_QZa3VO7.pdf Size: 796.5 kB



# **EXHIBIT I**

Name of Organization: The Gathering Inn

Phone: 916-662-5351

Email: rtellier@thegatheringinn.org

Project Location: 300 Elefa St., Roseville, CA (Placer County)

Instructions: Explain how stakeholders (e.g., community-based organizations [CBOs], members of the target population, frontline staff) have been meaningfully involved in the visioning and development of this project.

## Community Engagement Tracking Form

Date	Event Type	# of Participants	Target Group	Event Description
06/09/22	Meeting	5	City of Roseville	
06/21/22	Meeting/tour	4	City of Roseville	
06/29/22	Meeting/tour	4	City of Roseville	
07/06/22	Meeting/tour	5	City of Roseville	
06/14/22	e-mail	4	Health Plans and Hospitals	
07/07/22	Meeting/tour	4	City of Roseville	
7/8 - 7/10	Neighborhood meeting		Immediate neighbors of the site	
Ongoing	Meetings		Placer County HHS	




n.com

residents, civic leaders, and

Objectives/ Purpose	Follow- Up Needed (y/n)	Status of Follow-Up	Supporting Documents/ Materials
Met with City Manager and staff to discuss project		Letter will be provided after City Council meeting on 7/20	Confirmed support of the project
Toured current program with Roseville City Council member Pauline Roccucci			Confirmed support of the project
Toured current program with Roseville City Council member Scott Alvord			Confirmed support of the project
Toured current program with Roseville Mayor, Krista Bernesconi			Confirmed support of the project
Requested letters of support from Anthem Blue Cross, CA Health and Wellness, Sutter Health			Secured letters of support
Toured current program with Roseville City Council member Bruce Houdesheldt			Confirmed support of the project
To describe proposed project, answer questions and provide contact information		Neighborhood association meetings in late July	Project description/FAQ document attached
To keep apprised of planning progress and gain support from Director of HHS, Dr. Robert Oldham			Letter of support will be provided after Roseville City Council meeting on 7/20


# **EXHIBIT J**



425 E. Colorado St., Ste. 600  
Glendale, CA 91205  
Beau.Hennemann@Anthem.com

June 14, 2022

Keith Estes  
Chair of the Board  
The Gathering Inn  
201 Berkeley Ave.  
Roseville, CA 95678

Dear Mr. Estes,

I am writing in my role as Director of Special Programs for Anthem Blue Cross regarding The Gathering Inn's proposed Medical Respite Care development at 300 Elefa Street in Roseville, California. I strongly support this project, and the program model The Gathering Inn (TGI) is proposing.

Anthem Blue Cross has more than 25 years of experience administering Medi-Cal and state-sponsored programs in California, during which we have developed long-term, collaborative partnerships with community-based providers like TGI. Anthem currently provides services to over 1.4 million Medi-Cal members throughout California, including Placer County. Our services are provided on a foundation of accountability and responsibility to our members with a person-first philosophy, which includes focusing on the many social and physical determinants of health that impact the Medi-cal population.

Anthem Blue Cross also has a long-standing and strong partnership with TGI. For nearly 18 years, TGI has provided dignified and professional emergency housing and services for people experiencing homelessness. Beginning with the region's first nomadic emergency shelter in 2004, to the establishment and operation of an interim care program (medical respite) in 2009, TGI has offered model programs and created and built on strong community relationships with key stakeholders in our community.

As a health care provider, Anthem Blue Cross is continually faced with the compounding health issues experienced by individuals experiencing homelessness and the critical need to offer men and women a safe place to recuperate from their medical conditions following a hospital discharge. This proposed 30-bed project strikes at the heart of those significant issues in our community, and seeks to offer best practices in delivering services, shelter, and linkage to housing in a unified model that supports people where they lay their heads. Braiding services like healthcare, social services, mental health, and systems navigation, while also having a

service rich medical respite care, has proven to reduce interactions with emergency departments and lowers hospital recidivism rates.

Placer County is in desperate need of medical respite care housing, and this project brings with it the ability to create dignified, modern housing that is purpose built, while helping move forward shared goals of Anthem, the county, and city around homeless housing and services.

With strong steady leadership, an engaged board, and well-trained staff; TGI is perfectly poised to lead our community forward with the development and operations of this project.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Beau Hennemann', with a long horizontal flourish extending to the right.

Beau Hennemann  
Director, Special Programs  
Anthem, Inc.



21281 Burbank Blvd.  
Woodland Hills, CA 91367  
1-888-926-4988

June 30, 2022

Keith Estes  
Chair of the Board  
The Gathering Inn  
201 Berkeley Ave.  
Roseville, CA, 95678

Dear Mr. Estes:

California Health & Wellness is pleased to support The Gathering Inn's proposed Medical Respite Care development at 300 Elefa Street in Roseville, California.

The Gathering Inn serves as an important *California Advancing and Innovating Medi-Cal Program (CalAIM)* Community Supports provider partner under the California Department of Health Care Services' (DHCS) new CalAIM initiative – a long-term commitment to transform and strengthen Medi-Cal, offering Californians a more equitable, coordinated, and person-centered approach to maximizing their health and life trajectory.

A key feature of CalAIM is the introduction of a new menu of Community Supports – medically appropriate and cost-effective alternatives to services covered under the State Plan that can substitute for and potentially decrease utilization of a range of covered Medi-Cal benefits, such as hospital care, nursing facility care, and emergency department (ED) use. The Gathering Inn has partnered with California Health & Wellness to provide the following Community Supports for Placer County's most vulnerable Medi-Cal members:

- **Housing Transition Navigation Services** – Assistance with obtaining housing. This may include assistance with searching for housing or completing housing applications, as well as developing an individual housing support plan.
- **Housing Tenancy and Sustaining Services** – Assistance with maintaining stable tenancy once housing is secured. This may include interventions for behaviors that may

jeopardize housing, such as late rental payment and services, to develop financial literacy.

- **Recuperative Care (Medical Respite)** – Short-term residential care for Medi-Cal members who no longer require hospitalization, but still need to recover from injury or illness.

The Gathering Inn's proposed Medical Respite Care development will further support the state's implementation of CalAIM helping to advance shared goals of expanding and enhancing programs that facilitate individuals transitioning to community-based, independent living arrangements.

California Health & Wellness appreciates The Gathering Inn's leadership in advancing the state's CalAIM initiative, as well as advancing the development and operations of this project.

Sincerely,

A handwritten signature in black ink that reads "Amber Kemp". The signature is written in a cursive, flowing style.

Amber Kemp  
Vice President, Medi-Cal Regional Lead  
California Health & Wellness





6/20/2022

Keith Estes  
Chair of the Board  
The Gathering Inn  
201 Berkeley Ave.  
Roseville, CA 95678

Dear Mr. Estes,

Sutter Health has a long history of enhancing the well-being of people in the communities we serve, through a not-for-profit commitment to compassion and excellence in health care services. With this mission as our focus, we strongly support The Gathering Inn's proposed Medical Respite Care development project at 300 Elefa Street in Roseville, California.

Sutter Health has a strong partnership with TGI. For nearly 18 years, TGI has provided dignified and professional emergency housing and services for people experiencing homelessness. Beginning with the region's first nomadic emergency shelter in 2004, to the establishment and operation of an interim care program (medical respite) in 2009, TGI has offered model programs and created and built on strong community relationships with key stakeholders in our community.

As a health care provider, Sutter Health is continually faced with the compounding health issues experienced by individuals experiencing homelessness and the critical need to offer men and women a safe place to recuperate from their medical conditions following a hospital discharge. This proposed 30-bed project strikes at the heart of those significant issues in our community, and seeks to offer best practices in delivering services, shelter, and linkage to housing in a unified model that supports people where they lay their heads. Braiding services like healthcare, social services, mental health, and systems navigation, while also having a service rich medical respite care, has proven to reduce interactions with emergency departments and lowers hospital recidivism rates.

Placer County is in desperate need of medical respite care housing, and this project brings with it the ability to create dignified, modern housing that is purpose built, while helping move forward shared goals of Sutter Health, the county, and city around homeless housing and services.

With a strong steady leadership, an engaged board, and well trained, diverse, and committed staff, The Gathering Inn is perfectly poised to lead our community forward with the development and operations of this project.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "B. Alexander", written over a horizontal line.

Brian Alexander  
CEO  
Sutter Roseville Medical Center

# **EXHIBIT K**



September 22, 2022

Keith Deiderich  
201 Berkeley Avenue  
Roseville, CA 95676

Dear Keith Deiderich:

RE: Community Care Expansion – Capital Expansion Request for Applications  
**Threshold Clarification Needed (1/31/22 RFA)**  
The Gathering Inn  
Project Name: TGI Medical Respite Expansion

Advocates for Human Potential (AHP), the administrative entity for the Community Care Expansion (CCE) program for the California Department of Social Services (CDSS), has received the CCE Capital Expansion application named above, submitted in response to the CCE Request for Applications (RFA) dated January 31, 2022.

This letter is to inform you that additional clarification is needed on the application submitted.

**The reasons for this request for clarification are set forth as follows:**

1. As outlined in the RFA (Section 2.4), applications must demonstrate long-term operational sustainability for proposed projects. In other words, once a CCE-funded project is completed and the facility is in use for its intended purpose, you will be required to continue operations for a period of no less than 30 years for a new facility or 20 years for an expanded facility. In addition, CCE-funded facilities must commit to serve Supplemental Security Income/State Supplementary Payment (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI) applicants and recipients. Given that, please outline your sustainability plan for the proposed project, including the following:
  - a. What will you do to ensure that rental rates remain affordable for all residents?
  - b. What strategies will you implement to ensure that your facility will

be operational and available to the target population for no less than the entire 30- or 20-year building use restriction period?

2. Please provide additional information to confirm the CCE funding request:

- a. Please confirm the amount of funds that will be used as the match, as the amount that was submitted in the application does not meet the required 10% threshold.
- b. Please confirm the source of the match funds that will be used for the proposed project.

**Please note:** Required documentation and clarification listed above must be submitted by email to AHP at [bhccip.cce.info@ahpnet.com](mailto:bhccip.cce.info@ahpnet.com) on or before **October 6, 2022**. If circumstances make it unlikely that you will meet this deadline, please let us know as soon as possible at [bhccip.cce.info@ahpnet.com](mailto:bhccip.cce.info@ahpnet.com). You may be given a later deadline; however, review of your application will be delayed until after that time.

In addition, if your facility will require licensing (e.g., ARFs, RCFEs, and others), please submit written notification of disclosure of any ownership interest as stated in the CDSS Application for a Community Care Facility or Residential Care Facility for the Elderly License form ([LIC 200](#)): "Other Facilities: H & S Code Section 1520(d), 1568.04(b) and 1569.15(d) require that an applicant disclose, prior or present service as an administrator, general partner, corporate officer or director of, or as a person who has held or holds a beneficial ownership of 10 percent or more in any community care, residential care facility for chronically ill, residential care facility for the elderly, or health care facility (attach separate sheet of paper for additional facilities)."

If you have any questions regarding this request, please contact [REDACTED],  
[REDACTED]

Sincerely,

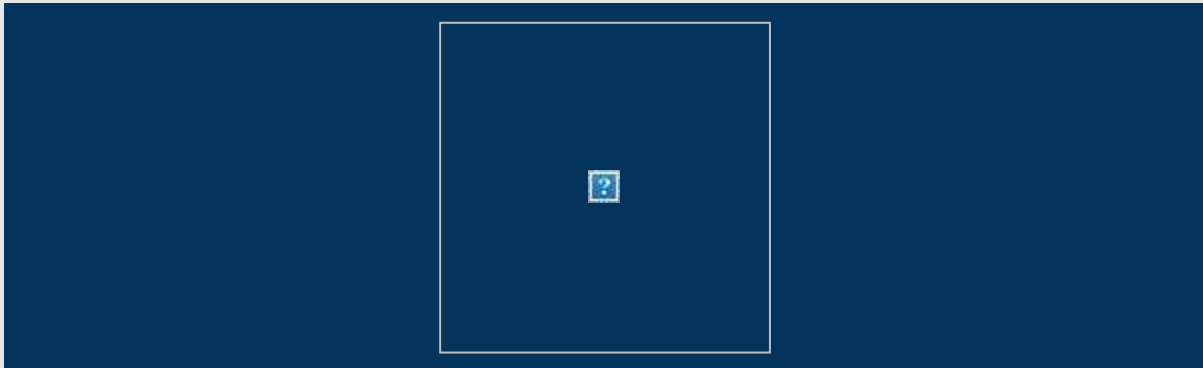


Nija Fountano  
Community Care Expansion Program Manager  
Housing and Homelessness Division  
California Department of Social Services

# **EXHIBIT L**

**From:** [California Department of Social Services \(CDSS\)](#)  
**To:** [Rolande Tellier](#)  
**Subject:** CCE Application Status and Support Available  
**Date:** Friday, January 13, 2023 5:02:05 PM

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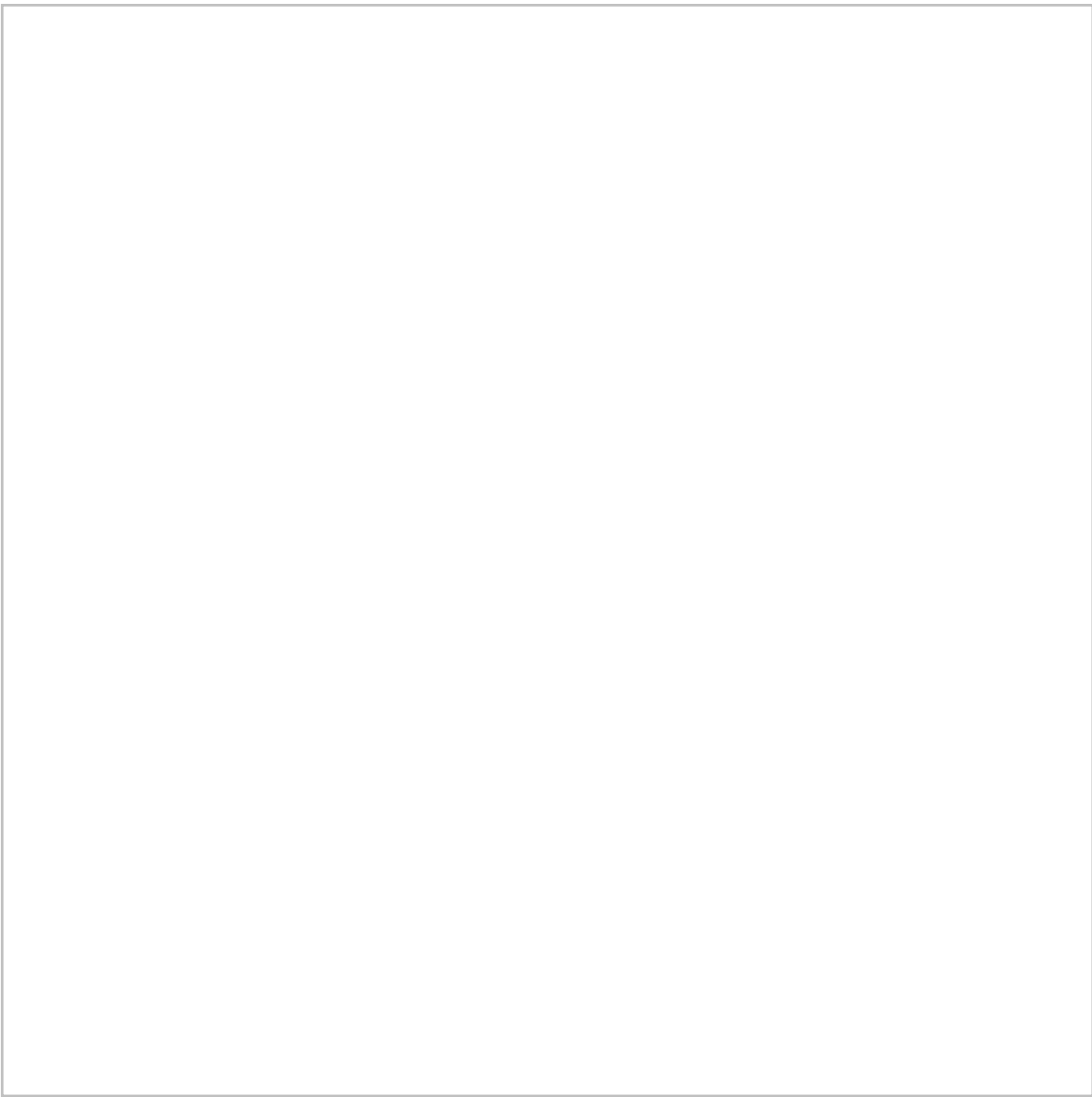


Dear Community Care Expansion (CCE) Program Applicant:

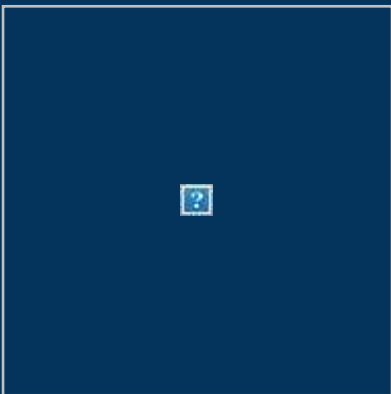
Our review of your CCE Project grant application found that it was incomplete or otherwise ineligible for CCE funding. **This could, however, be corrected** and Advocates for Human Potential (AHP) would like to work with you to amend or complete your application so your project can be reviewed again for eligibility for funding.

If you are interested in working on this, **please contact us at [bhcip.cce.info@ahpnet.com](mailto:bhcip.cce.info@ahpnet.com) no later than 10 business days** after the date of this email message. **In the subject line, put CCE RFA HELP** and in the body of the email include your phone number and the best time to reach you. (Please do not reply to this email.)

Sincerely,  
The CCE Team at AHP



## TECHNICAL ASSISTANCE AND PROGRAM SUPPORT



### **Administrative Entity for CCE**

AHP will provide pre-application consultations and technical assistance (TA) to all CCE applicants, as well as training and TA throughout the life of the projects.

For more than 35 years, AHP has influenced change in health and business systems to support vulnerable populations—from creating policy all the way to ground level, hands-on work. We believe improved health systems and organizations mean improved health outcomes.

cdss logo.jpg



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**Advocates for Human Potential** | [www.ahpnet.com](http://www.ahpnet.com)



Advocates for Human Potential | 490 B Boston Post Road, Sudbury, MA 01776

[Unsubscribe rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)

[Update Profile](#) | [Constant Contact Data Notice](#)

Sent by [cce@dss.ca.gov](mailto:cce@dss.ca.gov) in collaboration with



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# **EXHIBIT M**

**From:** [BHCIP CCE RFA info](#)  
**To:** [Rolande Tellier](#)  
**Cc:** [Robert Stromberg](#); [Keith Diederich](#)  
**Subject:** CCE Decline Follow-up: Application ID CCE-1767623224  
**Date:** Monday, February 6, 2023 6:26:04 PM  
**Attachments:** [image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)

---

Dear Rolande Tellier,

Thank you for meeting with us today to discuss your proposed CCE Expansion application.

As we discussed, it appears that your proposed project is now a new, separate project given the fact that it is located at a new, different site address. Therefore, you may be required to submit a new Pre-application Consultation (PAC) Survey and separate, new formal application via the Survey Monkey Apply (SMA) platform to have your application considered.

That being said, if you would like to request a re-review of your current application, you may do so by supplying the additional documentation and information indicated below along with any information needed to constitute a complete, accurate and up to date application as per the CCE Request for Applications (RFA), application form and required attachments.

Should you decide to request a re-review of your submitted CCE-1767623224 application, please submit the information and documentation required to [bhcip.cce.info@ahp.net](mailto:bhcip.cce.info@ahp.net) no later than 5pm PT on Monday, February 13, 2023:

1. Updated information regarding the new property, including site control documentation.
2. Updated project description, including clear indication of total new units/beds, and total proposed capacity expansion for the CCE target population.
3. Detailed information regarding the transition/relocation plans for current residents of the existing facility on the property for the proposed project, including clear indication of compliance with all relevant legal obligations.
4. Documented description of the existing facility population, including regarding how many total current residents, and how many current residents that are from among the CCE target population.
5. Revised complete project development budget (and COSR worksheet if applicable), including the required match amount.
6. Documentation of the required match amount.
7. Description and documentation of related prior experience from among the applying entity and/or substantial project partners, including: expansion/renovation development experience, and experience operating the same facility type proposed for CCE funding.
8. Description of community engagement and local support, including support letters for the specific address proposed, an updated Community Engagement Tracking Form, and a detailed description of any community opposition to your proposed project (and how you have or propose to overcome that opposition).
9. Any additional information needed to assess project eligibility and cost reasonableness.

Thank you again for your interest in the CCE Expansion grant program.

Sincerely,  
Robert Stromberg



[ahpnet.com](http://ahpnet.com)

**Robert Stromberg**  
(He/Him/His/El)  
*Senior Program Manager*  
**O.** 323.431.5617 **D.** 323.203.0699  
Advocates for Human Potential, Inc.  
**California Office:** 131 N. El Molino, Suite 100, Pasadena, CA 91101



*I recognize and pay respect to the traditional and ongoing keepers and stewards of the land upon which I currently work, Pasadena, CA, Tongva (Gabrieleno) Ancestral Tribal Lands, and all the original Indigenous peoples. I commit to caring for the lands, waters, and all life that is here.*

# **EXHIBIT N**

February 13, 2023

**The Gathering Inn is respectfully requesting reconsideration and re-review of our application CCE-1767623224 submitted July 11, 2022.**

Since the submittal of our application in July 2022, an alternative, existing property has been identified that would double the capacity initially proposed, at a lower cost, and can be operational within six months of award. We are submitting revised required attachments and have modified our application responses where applicable in accordance with the application form included in the RFA. Revised responses can be identified by the **blue highlighting** on the question number.

Our original proposal would increase the number of available medical respite beds in the county by 20, where this revised location will increase available beds by 49. In addition, due to the facility type, we will also be able to add assisted living services for an additional 38 people, with strict income guidelines to serve very low-income seniors and to fill a significant service gap for this population. **It is important to note that this new location is providing services to 3 times the number of individuals in the target population at less cost, and can begin serving the target population within 6 months of award.**

The Gathering Inn (TGI) operates the only medical respite program in Placer County and has been providing this service since 2009. We are committed to the population we serve as evidenced by our mission: to meet people where they are, inspire hope, and walk alongside them on their journey to sustainable housing.

**1. Project Title and Location:**

The Gathering Inn Medical Respite Expansion  
1660 Third Street  
Lincoln, CA 95648  
Placer County  
Parcel/APN:

**2. Lead entity type: Non-profit Corporation  
No co-applicant**

**3. The Gathering Inn  
201 Berkeley Ave.  
Roseville, CA 95678  
[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)  
916-662-5351  
thegatheringinn.com**

Lead authorized representative:  
Keith Diederich  
President and CEO  
[keith@thegatheringinn.com](mailto:keith@thegatheringinn.com)  
916-945-1242

Tax ID #: 84-1657746  
Unique ID #: 189981918

Project Director:  
Rolande Tellier  
Chief Operating Officer  
The Gathering Inn  
916-662-5351  
[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)

- 4. Not applying for BHCIP funding
- 5. Not applicable

6. Describe the applicant's or developer's experience relevant to acquiring and/or rehabilitating and operating the project.

Since 1999, TGI has acquired 7 residential homes and their main campus which includes a day service/navigation center, all operations, mental health services, medical and dental services, a clothing/donation closet, and case management. The main campus was rehabilitated in 2020 along with 3 of the permanent supportive housing residential homes. TGI has operated a medical respite program since 2009, with an original capacity of 5 guests. In 2022, with minimal alterations to the site and revised scheduling, we were able to increase to our current capacity of 10 guests.

We are not working with a developer as we are proposing to buy an existing assisted living facility.

- 7. PAC code: 387406; implementation specialist: Pazolt

8. Type of Project and number of expansion beds:

Other residential care settings that serve the target population, including recuperative care sites  
59 beds medical respite; 38 beds assisted living

9. Does your project support efforts to ensure care can be provided in most appropriate and least restrictive settings to support community integration, choice, and autonomy and/or reduce homelessness?

Yes, TGI's proposed medical respite expansion is provided in a low barrier, congregate living setting with semi-private rooms in a suburban neighborhood. Each room will accommodate two guests and each has its own accessible/ADA compliant restroom. For guests that do not have a personal vehicle onsite, public transportation is within 0.2 miles and TGI's van is available to assist guests with keeping appointments. These transportation options will assure guests have access to medical appointments as well as the numerous nearby services and shopping. Guests are free to come and go during the day and are encouraged to seek employment.

Within 5 miles of the property are Kaiser Lincoln Medical Offices, Sutter Medical Plaza Lincoln and UC David Medical Group Rocklin. Less than 2 miles away are Target and Walmart Neighborhood Market; Quest Diagnostics is .3 mile away, and there is a public transportation bus stop located directly across the street.

10. The proposed project will meet the following priorities, and are described below:

- Seek geographic equity of behavioral health and community care options:
- 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

The Gathering Inn (TGI) is the only agency in Placer County operating a medical respite program for people experiencing homelessness. The current medical\_respite program is located in Mid-Placer County, and the proposed expansion will be located in South Placer County.

Guests in the medical respite program are offered support to transition into various programs including supportive housing, rapid rehousing, transitional housing, and Project Homekey to prevent return to places not meant for habitation.

Guests are assigned a case manager to help establish a case plan, connect with a primary care doctor, keep follow-up medical appointments, and identify housing opportunities.

Without proper support to keep follow-up appointments, manage prescriptions, and ensure proper nutrition during recuperation, it is extremely likely that the individual will return to the emergency room or be re-admitted very soon after discharge.

TGI's medical respite is provided in a low barrier, home-like setting in a suburban neighborhood. For guests that do not have a personal vehicle onsite, public transportation is within 0.2 miles and TGI's van is available to assist guests. These transportation options will assure guests access to medical appointments and the nearby services and shopping. Guests are free to come and go during the day and are encouraged to seek employment.

TGI has been approved by both managed care plans in the county to provide community supports including medical respite, under the Cal-AIM initiative.

TGI currently administers rapid rehousing funds and works closely with landlords and housing authorities to identify housing opportunities, and the existing medical respite program has the support of the major hospital systems in the county (Sutter Auburn Faith, Sutter Roseville, and Kaiser).

11. Describe how the proposed project will expand community capacity for serving the target populations and address urgent gaps in the care continuum.

TGI has been operating a Medical Respite Program (MRP) in Placer County in partnership with Sutter Health and Kaiser since 2009. At its beginning, the program provided a limited number of services aimed at improving health and housing outcomes of the homeless. These services included shelter, food, and basic needs, managed under the supervision of peer support and part-time staff. In the first year of operation, the program served 22 individuals.

The program has continuously evolved, adding services and broadening goals. These additions have been based on 2 reliable sources: Sutter's Community Health Needs Assessment (CHNA) and Placer County's Continuum of Care Gaps Analysis. Below is a set of identified needs universal to these reports:

- Access to Mental/Behavioral/Substance Abuse Services
- Access to Quality Primary Care Health Services
- Access to Basic Needs Such as Housing, Jobs, and Food
- Injury and Disease Prevention and Management
- Access to Specialty and Extended Care
- Active Living and Healthy Eating Resources

Today, TGI's MRP provides 24-hour staff who are trained to support individuals suffering from severe mental illness (SMI) and substance use disorder (SUD). In addition to round the clock staffing, the program employs a full-time program director and case manager. Case management provides a range of services which include linkage to primary and specialty care physicians, home health agencies, mental health providers, substance abuse programs, income assistance, employment, housing, transportation, and more.

In 2021:

- 55 individuals received services in the program
- 1280 bed nights were provided
- 985 case management service transactions took place
- 140 rides were provided
- 3900 meals were provided
- 90% of participants who entered the program without a primary care provider, left having established a medical home
- 65% of guests who completed the program were discharged to either permanent, transitional, or shelter housing
- Less than 1 percent of guests returned to the hospital

Near the close of 2021, the program increased its capacity from 5 to 10 beds and now has the capacity to serve 100 individuals annually. Yet, even with this increase in capacity, we still turn away 200 people a year that need medical respite.

In 2017, Placer County through the Whole Person Care Pilot Program, recognized the lack of medical respite care for homeless persons in the region and partnered with TGI to open a second facility. However, the county chose to discontinue the program after the pilot period. **Today, TGI is the sole provider of medical respite services in the county.**

Each year, our MRC program receives 300 referrals from contributing hospitals. Unfortunately, the lack of capacity forces us to turn away two-thirds of them!

In 2022, TGI became an approved Community Supports provider under CalAIM and is contracted with both managed care plans in Placer County and will soon be receiving referrals from non-hospital sources. TGI is seeking funding to renovate an existing assisted living facility to accommodate 60 medical respite beds, which will have the capacity to serve 480 individuals annually expanding the community's capacity for Medical Respite Services by 300%.

In January, 2023 TGI received funding through the PATH-CITED initiative which will allow for increased training for our staff in de-escalation, trauma informed care, bloodborne pathogen exposure, CPR and

first aid, and will provide for five staff to complete Substance Use Disorder coursework and apply for the Certified Drug and Alcohol Counselor certification.

Because the proposed location has a separate memory care wing, TGI is proposing to further expand our services to include nursing home diversion to assisted living for SSI/SSDI recipients and those experiencing homelessness. There is a significant service gap for this type of care, and we are proposing 38 total beds under this program (19 double-occupancy rooms). TGI is in the process of applying for RCFE licensure for these 38 beds.

12/13: not applicable (BHCIP only)

14/15: Will serve at least 50% SSI/SSP recipients

16. Construction type: Renovation to existing building

39,504 Square Feet

17. The applicant is requesting funding for the acquisition and rehabilitation of an existing facility.

18. Applicable to application request and funding amount requested:

Feasibility: \$0

Development Planning: \$0

Acquisition (including Land): \$6,123,443

Rehabilitation of existing facility for expansion: 126,000

New Construction: \$0

19. Facility already exists: yes

20. Facility is licensed and in good standing: yes

21. New construction: no

22. Expansion (adaptive reuse) of existing facility:

The existing facility will serve people experiencing homelessness who are high utilizers of hospital emergency departments or need a safe, supportive environment to recuperate after hospital discharge. The current use of the facility does not serve the target population, so 100% of the persons served will be from the target population. The total number of new beds to serve the target population is 60, with the capacity to serve roughly 480 individuals annually.



A separate part of the building will be a licensed RCFE to accommodate the growing need for nursing home diversion to assisted living for very low-income individuals. TGI will begin the licensing process to offer this service and has already been in discussion with the Medi-Cal managed care plans to add this community support to our existing approved services. This program will have a capacity of 38 individuals, with 19 double-occupancy units.

23. Applicant certifies that they are adhering to all applicable relocation plan requirements and licensing and/or certification requirements.

TGI will collaborate with the current operator of the assisted living facility to ensure all requirements are met when relocating residents. A plan will be developed for approval by the Department of Social Services before giving residents notice.

In addition, every effort will be made to retain and transition staff to the new program.

24. Describe the planned facility, including the types of services that will be offered and the number of individuals who will be served on an annual basis.

The proposed site is a Senior Housing (Assisted Living/Memory Care) property totaling 39,504 square feet located on a 2.10-acre site at 1660 3rd Street in Lincoln, California. The current units are comprised of 34 assisted living beds and 19 memory care beds, offering an average of 300 square feet per bed. The property is zoned as Business Professional (BP).

Similar to our current medical respite program, this program will incorporate a low barrier, trauma informed approach to care and will be inclusive of all individuals regardless of race, ethnicity, gender, or sexual orientation. 25 of the assisted living units will be converted to double-occupancy medical respite (150 square feet per bed with a privacy partition), and 9 single-occupancy.

The proposed facility will serve 480 medical respite guests annually and will offer the following:

- A low-barrier facility - we treat those who use drugs with dignity and respect, meeting them where they are and reinforcing positive change by reducing the stigma associated with recreational or problematic drug use
- 60 beds – 10 single-occupancy rooms, 25 double-occupancy rooms
- 3 meals a day including options for guests with dietary restrictions
- On site showering and laundering facilities to promote proper hygiene
- Access to computers, internet, and phones
- Access to clothing, shoes, and personal hygiene items
- Clean linens upon admission and during stay
- A nurse call-line for non-emergency medical inquiries when clinical staff is not on site
- Clinical staff support
- Onsite drug and alcohol classes - TGI's substance use disorder specialist will work directly with guests to develop a plan for recovery in a harm-reduction environment
- Onsite life skills classes
- Case management support 40 hours a week to connect guest with other agency benefits
- Onsite mental health services. TGI's mental wellness program provides guests with individualized care and treatment options to break the cycle of homelessness
- Transportation
- Job Placement

- Discharge Planning
- 24-hour staff support
- Social events, games, and activities - guests enjoy community events that bolster physical and mental wellness
- Access to TGI's Mobile Dental Clinic
- Access to TGI's Housing Specialist

In addition, the current facility's memory care unit will be redefined as assisted living to accommodate very low income seniors diverted from nursing facility care. This unit will serve up to 38 individuals in double-occupancy rooms. Priority will be given to individuals who need a higher level of care than can be provided at TGI's emergency shelter or longer stay required after medical respite, but not high enough to qualify for skilled nursing. Most of the services listed above will apply to assisted living guests and will also include assistance with activities of daily living as needed and per assessment.

25. Please identify the source and amount of your capital match. Recall that services are not allowed as match.

Sutter Health has committed \$300,000 in cash toward the purchase of the property.

The seller (Care West Insurance Company) is including all FFE, valued at \$120,000.

TGI is assuming over \$220,000 in rehabilitation and other project costs.

26. Does the applicant have evidence of site control? (Please submit the supporting document selected to the "Upload" Docs section)

Site control is evidenced by the attached fully executed letter of intent to purchase.

27: n/a

28. Does applicant have all needed local, regional and state approvals, will-serve letters, and building permits?

TGI will apply to the Department of Social Services for RCFE licensure for the operation of the 38-bed assisted living facility. At this time, no building permits are anticipated.

29. List all approvals and permits that will be required to complete the project, and describe your strategy for obtaining them.

There are no approvals and permits required to complete the project. Should the inspection of the property prior to acquisition warrant the need for repairs, appropriate permits will be applied for prior to commencing any work.

31. List relevant licensing/certification timelines and requirements

There are two separate programs operating at the proposed location: medical respite and assisted living. Medical respite for persons experiencing homelessness is not subject to licensure, however TGI

strives to implement best practices in the operation of this program based on standards developed by the National Institute for Medical Respite Care, a special initiative of the National Healthcare for the Homeless Council. TGI's most recent assessment yielded a score of 92% fidelity against the standards.

The assisted living program will operate as a licensed RCFE under the Department of Social Services oversight. TGI plans to begin the licensing process and has identified a consultant to assist with the process. We expect this process to take 90 – 120 days.

Please provide a detailed narrative description of the proposed project's construction and design, including how the design will serve the target population(s). Please describe any preliminary site plans, design drawings, and/or construction plans for the proposed project. This may include cost estimates with valid budgetary numbers from an architect, engineer, or licensed general contractor. If no construction plan is yet in place, please submit a valid Rough Order of Magnitude (ROM) cost estimate from an architect, engineer, or licensed general contractor. Please include a description of site amenities.

The property is an existing residential care for the elderly facility that is separated into assisted living and memory care. There is minimal renovation work required to begin operation. The assisted living side of the property will be converted to a medical respite providing 25 double-occupancy rooms (with privacy partitions) and 9 single occupancy rooms to accommodate a total of 59 guests when at capacity. The memory care side will be converted to an RCFE that will accommodate 38 guests in 19 double-occupancy rooms for very low-income seniors eligible for nursing home diversion to assisted living. Each room has its own bathroom with toilet, sink and shower which are ADA compliant and wheelchair accessible.

Site amenities include a commercial kitchen and a staff-managed laundry facility. A community dining and living room area is accessible to all guests 24 hours/day. An outdoor recreation and BBQ area will also serve as a designated smoking area. Ample parking on site is available.

The site includes a private medical examination room and locked medication closet. Security cameras will be installed around the exterior of the home as well as in interior common areas and hallways.

Administrative offices for the program director and case managers are included in the design.

No mitigation, demolition or off-site improvements are required.

#### Required attachments:

- Schematic Design Checklist – n/a
  - Site plans – n/a
  - Architectural drawings, blueprints, and/or other renderings – n/a
  - Cost estimates with valid numbers from an architect, engineer, or licensed general contractor
  - Resumes of the development team that developed the design/construction plan – n/a
  - Copies of all executed contracts for hire related to your project's development team – n/a
- Please attach additional notes below (800 words)

37. Describe how the project will address inequities for the target population(s) and meet the needs of individuals from diverse backgrounds. Examples of types of diversity include race, religion, country of origin, language, disabilities, culture, economic background, gender, sex, and behavioral health. The description should include supporting evidence of the strategies' effectiveness, if available.

The demographics of the population we serve is consistent with the population of Placer County:

	The Gathering Inn	2022 Placer County
White	80%	79%
Black	6%	2%
American Indian	4%	1%
Asian	1%	8%
Native Hawaiian	1%	1%
Multiple Races	8%	6%
Hispanic	15%	15%

Chronically homeless: 43%

Veterans: 5%

Serious Mental Illness: 70%

Substance Abuse Disorder: 69%

Currently fleeing domestic violence, sexual assault, dating violence or stalking situation: 11%

39. How have you verified that your projected percentages reflect the community you plan to serve, and how will you measure successful utilization? Please include any data sources used for comparison.

Our programs require proof of residency in Placer County to be eligible for services - residency can be confirmed by a government issued driver's license or identification card, enrollment in public benefits (Medi-Cal, Cal Fresh, etc), "official" mail (social security or government related documents) and involvement with Placer County probation or parole. Utilization will be measured by number of referrals received and demographic data for guests is captured in TGI's Homeless Management Information System (HMIS).

# **EXHIBIT O**



**4020 Sierra College Boulevard, #200  
Rocklin, CA 95677  
(916) 624-6200**

**February 13<sup>th</sup>, 2023**

To: The Gathering Inn  
C/O Keith E. Diederich  
201 Berkeley Ave.  
Roseville, CA 95678

**RE:** Letter of Intent to Purchase Gladding Ridge Assisted Living and Memory Care 1660 3rd St., Lincoln, CA 95648

Dear Mr. Diederich:

This letter sets forth certain basic terms and conditions under which The Gathering Inn, ("Buyer") is interested in pursuing a purchase of a building from Care West Insurance Company ("Seller") identified herein pursuant to a purchase and sale agreement ("PSA") between the parties.

1. **The Buyer:** The Gathering Inn.
2. **The Seller:** Care West Insurance Company.
3. **Address of Premises:** 1660 3rd St., Lincoln, CA 95648.
4. **Purchase Price:** Six Million Dollars (\$6,000,000). Purchase price shall be contingent upon an appraisal and determination of Fair Market Value.
5. **Escrow:** The Escrow company shall be chosen by the Seller. Close of Escrow date shall be determined in the PSA. All costs shall be split evenly between the parties.
6. **Finders & Acquisition Fee:** 5% of Purchase Price will be paid to Western Care Construction as a finders, acquisition, and coordinator fee. This figure shall be applicable to the Purchase Price.
7. **Cancellation Fee:** 5% of the Purchase Price will be paid to Platinum Living Services for cancellation of their lease of the building. This figure shall be applicable to the Purchase Price.
8. **Possession:** Upon Close of Escrow or agreed upon in writing between the Buyer and Seller.
9. **Furniture, Fixtures, and Equipment:** All Furniture, Fixtures, and Equipment (F.F.E.), excluding F.F.E. that the residents own, shall be applicable to purchase contingent upon appraisal valuation. The F.F.E. shall be agreed and defined in the PSA at an estimated cost of \$120,000.
10. **Operational Transition Plan:** With time being of the essence to complete an Operational Transition Plan, Platinum Living Services ("Operator") and Buyer shall work to develop a plan acceptable to both parties. This plan shall coordinate such items as transfer of business operations, licensing, staffing and residents from Operator to Buyer. Operator and Buyer shall work in good faith.
11. **Improvements:** All improvements to property shall be done at buyer's sole cost.



12. **As-is Condition:** Buyer agrees to accept building in an 'as-is' condition.
13. **Property Inspection:** Property inspections shall be outlined in the Operational Transition Plan.
14. **Confidentiality:** Neither Seller nor Buyer may disclose the existence or status of this LOI or negotiations of the Contract to any party other than Seller or Buyer's advisors relating to the purchase and sale of the premises.
15. **Governing Law:** This Letter of Intent shall be governed under the laws of the State of California.

No party shall have any obligations or liabilities to the other, or with respect to the proposed transaction unless and until a formal written PSA has been signed and delivered by both Seller and Buyer. Each party is proceeding with negotiations related to the proposed transaction at its sole cost and expense, and either party may terminate negotiations at any time, without any liability or obligation. Neither party may claim any legal rights against the other by reason of the signing of this letter or by taking any action in reliance thereon. This paragraph supersedes all other conflicting language.

Upon execution of this mutual LOI, Landlord shall prepare a formal PSA between Seller and Buyer.

**SELLER**

Seller's Signature

Date

Title: Secretary & CFO, Care West Insurance

Print Name: Donald Trowbridge

**BUYER**

Buyer's Signature

Date

Title: President & CEO, The Gathering Inn

Print Name: Keith E. Diederich

**OPERATOR**

Operator's Signature

Date

Title: President & CEO, Platinum Living Services

Print Name: Martine Harmon

# **EXHIBIT P**





May 8, 2023

The Gathering Inn  
Attn: Keith Diederich, President and CEO  
201 Berkeley Ave.  
Roseville, CA 95678  
Project: TGI Medical Respite Expansion  
Application ID: CCE-1767623224

Dear Keith Diederich:

**Re: Community Care Expansion (CCE) Program Grant — Award Notification**

Congratulations! The California Department of Social Services (CDSS) is pleased to announce that The Gathering Inn has been selected to receive a Community Care Expansion (CCE) Capital Expansion grant award based on the application package you submitted for the project named above. Based on the expected funding to support this award, we reserved up to \$6,450,653 for your project.

CDSS asks that you keep this notice of award confidential until further notice from CDSS. In the interim, you may share information about the award confidentially with project partners as necessary for continuing to advance your proposed project.

Important details related to this award notification will be coming soon from Advocates for Human Potential, Inc. (AHP), the CCE administrative entity. AHP will send an email outlining next steps related to validating your project budget and confirmation of various aspects of your application, including the number of beds and/or units that will be expanded. This email may contain request(s) for required documentation, as applicable to your project. Please review this information carefully.

AHP will also schedule a project-specific meeting to review your plans and project timeline. AHP will provide technical assistance on completion of any required documentation. Please note that the information submitted in your application package will serve as the basis of the scope of work, payment schedule, and project timeline to be included in your standard agreement with AHP. You will receive both a standard agreement and a special conditions agreement from AHP following this project-specific meeting. Those documents will outline expectations and responsibilities related to acceptance of the award. The CCE Capital Expansion grant award is not final until a contract has been fully executed, which occurs when the contract is signed by authorized representatives for both The Gathering Inn and AHP. Prior to that time, CDSS and AHP have the right to conduct additional due diligence to ensure that you can fulfill all programmatic and fiscal requirements and negotiate final contract terms. Any costs incurred outside the performance period of a fully executed contract may not be reimbursed.

HORNE000004

Thank you for the time and effort you put into the application process, as well as your commitment to helping improve residential care settings to serve seniors and adults with disabilities in your community. CDSS values our partnership and looks forward to working with you. If you have any questions, please contact the AHP team at [bhcip.cce.info@ahpnet.com](mailto:bhcip.cce.info@ahpnet.com).

Sincerely,



Julie McQuitty  
Chief, Program Policy and Quality Assurance Branch  
Housing and Homelessness Division  
California Department of Social Services

HORNE000005



May 22, 2024

The Gathering Inn  
4020 Sierra College Blvd.  
Rocklin, CA 95677  
Project: TGI Medical Respite Expansion

Dear The Gathering Inn:

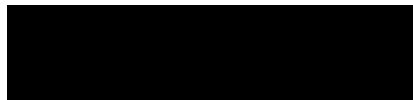
**Community Care Expansion (CCE) Program Grant - Award Augmentation Notification**

The purpose of this letter is to inform you that the California Department of Social Services (CDSS) has revised the Total Grant Amount by \$9,983 to The Gathering Inn for the Community Care Expansion (CCE) Capital Expansion grant award for CCE-1767623224.

On May 08, 2023, CDSS notified you that up to \$6,450,653 was reserved for The Gathering Inn for the CCE Capital Expansion grant award based on the application package you submitted for the project named above. This adjustment of \$9,983 has been revised for your project due to Sponsor reconciliation of the budget and developer fee costs relevant to executing the Program Funding Agreement. A total of up to \$6,440,670 has been reserved for your project for your CCE Capital Expansion grant award to include \$1,000,000 in Capital Operating Subsidy Reserves (COSR) funds.

HORNE, the CCE administrative entity, will share important details related to your project award augmentation. Please continue to work with your grant coordinator to submit any required documentation relevant to this award augmentation.

Thank you for the time and effort you put into the application process, as well as your commitment to helping improve residential care settings to serve seniors and adults with disabilities in your community. CDSS values our partnership and looks forward to working with you. If you have any questions, please contact your assigned HORNE Grant Coordinator.



Julie McQuitty  
Chief, Program Policy and Quality Assurance Branch  
Housing and Homelessness Division  
California Department of Social Services

HORNE000571

**SAC Ex. P**

# **EXHIBIT Q**

**PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS  
BY AND BETWEEN**

**CARE WEST INSURANCE COMPANY  
A CALIFORNIA CORPORATION  
("SELLER")**

**AND**

**THE GATHERING INN  
A CALIFORNIA NON-PROFIT  
PUBLIC BENEFIT CORPORATION**

**("BUYER")**

Effective Date: May 13, 2024

45064186.24/550281.0013

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**PURCHASE AND SALE AGREEMENT  
AND JOINT ESCROW INSTRUCTIONS**

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "**Agreement**") is entered into as of May 13, 2024 (the "**Effective Date**"), by and between CARE WEST INSURANCE COMPANY, a California corporation ("**Seller**"), and THE GATHERING INN, a California non-profit public benefit corporation ("**Buyer**").

**RECITALS**

A. Seller owns the fee interest in that certain real property described in Exhibit A attached hereto (collectively, the "**Land**").

B. The Land is located at 1660 3<sup>rd</sup> Street, Lincoln, California 95648 and is improved with an assisted living facility consisting of fifty-nine (59) assisted living beds and other related improvements (the "**Improvements**").

C. The terms "**Property**" and "**Facility**" are used interchangeably herein and shall mean: (i) all of Seller's right, title and interest, if any, in and to the following: (a) the Land, together with all rights, privileges, easements, rights of way, mineral and water rights and other appurtenances to the Land, including parking rights appurtenant thereto; (b) all Improvements thereon; (c) all fixtures of a permanent nature currently affixed to the Land or the Improvements ("**Fixtures**"); and (d) the Personal Property (as hereinafter defined);

D. The term "**Personal Property**" means: (i) all equipment, personal property and intangible property located on the Property as of the walk-through on April 12, 2024; and (ii) all outstanding Warranties, Licenses, Plans and Reports, Assumed Contracts (each, as hereinafter defined) pertaining to the Land, the Improvements and the Personal Property. It shall be Buyer's responsibility to itemize the tangible Personal Property for inventory purposes.

E. GLADDING RIDGE, INC., a California corporation, as the "**Current Tenant**," previously operated an assisted living business within the Property pursuant to an existing lease for the Facility (the "**Existing Lease**");

F. The Current Tenant has closed all operations, relocating all resident occupants of the Facility, and terminating the Existing Lease. Termination of all operations, relocation of all resident occupants, and termination of the Existing Lease is an express condition precedent to Buyer's obligation to Close Escrow (herein the "**Facility Closing Condition**");

G. Buyer has been awarded a conditional Community Care Expansion Capital Expansion grant by the California Department of Social Services ("**CCE Grant**"). The CCE Grant

will be administered on behalf of the California Department of Social Services by Horne LLP, a Delaware limited liability partnership ("Horne"). Pursuant to the CCE Grant, conditional upon approval of appraisal and other determinations by the California Department of Social Services and Horne, the California Department of Social Services has agreed to disburse to Escrow for the benefit of Buyer ninety percent (90%) of the Purchase Price (as hereinafter defined). Delivery of funds to Escrow by the California Department of Social Services pursuant to the CCE Grant is an express condition precedent to Buyer's obligation to Close Escrow (herein the "**Grant Funding Condition**"); and

H. Seller desires to sell the Property to Buyer, and Buyer desires to buy the Property from Seller, all pursuant to the terms and conditions set forth below.

#### **AGREEMENT**

NOW, THEREFORE, taking into account the foregoing recitals, and in consideration of the mutual covenants, agreements and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. Agreement to Purchase and Sale. On the terms and conditions set forth herein, Seller hereby agrees to sell, convey and assign the Property to Buyer, and Buyer agrees to buy and accept the Property from Seller, under the terms and conditions and for the Purchase Price hereinafter set forth.

2. Purchase Price.

A. The purchase price to be paid for the Property (the "**Purchase Price**") at the Close of Escrow (as hereinafter defined) is Four Million Nine Hundred Thousand Dollars (\$4,900,000), subject to credits and adjustments as set forth in this Agreement.

B. The Purchase Price shall be paid in the following increments at the following times:

i. Deposit. Buyer shall make a cash deposit of Twenty Thousand Dollars (\$20,000) (the "**Deposit**") into Escrow (as hereinafter defined) within five (5) Business Days of the Opening of Escrow (as hereinafter defined).

ii. Balance of Purchase Price. The balance of the Purchase Price, as well as all sums necessary to pay Buyer's costs, expenses and prorations in connection with this

transaction, shall be deposited into Escrow in immediately available funds one (1) Business Day prior to the Close of Escrow.

C. Application of Deposit. If the purchase and sale of the Property is consummated as contemplated hereunder, the Deposit shall be applied against the Purchase Price at the Close of Escrow. The Deposit shall be placed in a federally insured interest-bearing account by Title Company (as hereinafter defined) upon terms acceptable to Buyer to be held by Title Company in trust for the benefit of Buyer. If the purchase and sale of the Property is not consummated because of a default under this Agreement by Buyer, the Deposit shall be nonrefundable to Buyer and shall constitute the liquidated damages due to Seller pursuant to Section 14 below. The provisions of this Section 2.C shall survive termination or Closing.

D. Independent Consideration. Notwithstanding anything in this Agreement to the contrary, Buyer and Seller agree that a portion of the Deposit equal to One Hundred Dollars (\$100) (the "**Independent Consideration**") shall be earned by Seller upon full execution and delivery of this Agreement and shall be disbursed to Seller upon opening of Escrow. Buyer and Seller hereby mutually acknowledge and agree that the Independent Consideration represents adequate, bargained for, consideration for Seller's execution and delivery of this Agreement and Buyer's right to inspect the Property pursuant to the terms of this Agreement. Accordingly, any provision of this Agreement contemplating a return of the Deposit to Buyer, shall mean and refer to the Deposit less the Independent Consideration. The provisions of this Section 2.D shall survive termination or Closing.

3. Buyer's Conditions. Buyer's obligation to purchase the Property shall be subject to its approval or waiver of each contingency set forth below (collectively, the "**Buyer Conditions**") within the time periods indicated below. The Buyer Conditions are for the sole benefit of Buyer. The satisfaction of each Buyer Condition is a condition precedent to the Close of Escrow. Buyer shall approve or disapprove any or all of the documents, materials, items and matters identified in this Section 3 in its reasonable discretion. This Agreement may be terminated upon written notice by Buyer as a result of: (i) Buyer's timely disapproval (or deemed disapproval) of any Buyer Condition; or (ii) failure of a Buyer Condition without default by Buyer in which case: (x) the Deposit shall be refunded to Buyer; and (y) neither party shall have any further rights, duties or obligations hereunder except those that expressly survive termination.

A. Title and Survey.

i. Within five (5) Business Days of the Opening of Escrow, Buyer shall order from Placer Title Company (the "**Title Company**") (with contact information as follows: 1508 Eureka Road, Suite 150, Roseville California, Escrow no. P-614442, Attention Anita Blaser, escrow officer) an extended coverage preliminary title report or commitment for the Facility (the "**PTR**"), together with legible copies of all documents ("**Exception Documents**") relating to the title exceptions referred to in the PTR.

ii. Within five (5) Business Days of the Opening of Escrow, Buyer may order, at Buyer's sole cost and expense, a survey of the Facility, which survey is to be prepared in accordance with the "Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys," jointly established and adopted by the American Land Title Association and National Society for Professional Surveyors, Inc., in 2016 (the "**Survey**"), sufficient to enable the Title Company to issue the Title Policy (as hereinafter defined). The Survey shall be certified as true and correct by the surveyor for the benefit of Buyer and the Title Company. If Buyer does not timely order the Survey, then Buyer shall be deemed to have: (i) waived the right to order a Survey; and (ii) waived any objections that might be revealed in the Survey which are not disclosed in the PTR.

iii. On or before forty-five (45) calendar days after the Effective Date, Buyer shall notify Seller in writing of any disapproved title exceptions (the "**Disapproved PTR Matters**") and any disapproved matters relating to the Survey (the "**Disapproved Survey Matters**") and collectively with the Disapproved PTR Matters, the "**Disapproved Title Matters**") by written notice to Seller (each, a "**Title Objection Letter**"). All title exceptions set forth in the PTR other than the Disapproved Title Matters, shall collectively constitute the "**Permitted Exceptions**".

iv. If Buyer timely delivers the Title Objection Letter, Seller shall have ten (10) calendar days after delivery to notify Buyer in writing whether Seller is: (i) willing to remove, or cause to be removed, the Disapproved Title Matters set forth in such Title Objection Letter; or (ii) obtain the necessary title endorsements (the "**Disapproved Title Matter Endorsements**"), in a form satisfactory to Buyer, to insure against the effects of such Disapproved Title Matters; or (iii) to refuse to remove one (1) or more Disapproved Title Matter(s). If Seller notifies Buyer that Seller is willing to cure a Disapproved Title Matter (whether by removal or endorsement), Seller shall be unconditionally obligated to cure such Disapproved Title Matter

prior to or concurrently with the Close of Escrow at no cost and expense to Buyer. Seller's failure to notify Buyer that Seller is willing to cure a Disapproved Title Matter within the required ten (10) calendar day period shall be deemed a notice of Seller's election not to cure such Disapproved Title Matter. Notwithstanding anything to the contrary herein, Buyer shall not be required to object to any: (i) lien securing a mortgage, deed of trust or trust deed; (ii) judgment lien against Seller, any party claiming under Seller, or otherwise encumbering the Property; (iii) delinquent bonds, assessments, tax liens or real estate taxes; (iv) broker's lien except to the extent arising from the acts or omissions of Buyer; (v) any mechanics' lien, materialman's lien or other statutory lien except to the extent arising from the acts or omissions of Buyer; or (vi) any other monetary lien created by Seller or Seller's agents or lessee. Seller shall be obligated to cure and discharge or cause the Title Company to insure over each of the foregoing to Buyer's reasonable satisfaction on or prior to the Close of Escrow.

v. If Seller notifies Buyer in writing (or is deemed to have notified Buyer) that Seller is not willing to cure a Disapproved Title Matter, Buyer shall, within five (5) calendar days after delivery to Buyer of such written notice (or deemed notice), elect in writing to: (i) terminate this Agreement; or (ii) to waive its disapproval of such Disapproved Title Matter and such Disapproved Title Matter shall then be deemed to be a Permitted Exception. Buyer's failure to give such notice shall be deemed an election to terminate this Agreement.

vi. If the Title Company, prior to Close of Escrow, discloses to Buyer or Seller a new exception, or materially amends any exception previously approved by Buyer, or materially amends the terms under which the Title Company is willing to issue the Title Policy, or if the Survey is materially amended (each a "Title Matter Change"), then Buyer shall have five (5) Business Days from delivery to Buyer of notice of the Title Matter Change to disapprove of the same by delivering notice thereof to Seller related thereto ("Title Matter Change Objection Letter"). Seller shall have the right to agree to remove, or refuse to remove, the new Title Matter Change within three (3) Business Days after delivery of Buyer's Title Matter Change Objection Letter. Seller's failure to respond shall be deemed Seller's refusal to remove the Title Matter Change. If Seller refuses to remove or is deemed to have refused to remove any Title Matter Change, Buyer shall, within three (3) Business Days after delivery to Buyer of Seller's written notice, elect in writing to: (i) terminate this agreement; or (ii) waive its disapproval of such Title Matter Change and such Title Matter Change shall then be deemed to be a Permitted Exception. Buyer's failure to give such notice shall be deemed an election to terminate this Agreement. In



the event Buyer elects to terminate this Agreement, then: (x) the Deposit will be refunded to Buyer; and (y) neither Party shall have any further rights, duties or obligations hereunder except for those that expressly survive termination.

B. Buyer's Due Diligence.

i. On or before the date that is forty-five (45) calendar days after the Effective Date (the "**Due Diligence Expiration Date**"), Buyer shall have completed its due diligence investigation of the Property and shall have approved or disapproved such matters as Buyer deems appropriate in its sole and absolute discretion with respect to the Property, including, without limitation, any items related to the physical condition of the Property or the Property's suitability for Buyer's intended purpose. Notwithstanding anything in this Agreement to the contrary, Buyer shall have the right until 5:00 p.m. Pacific Time on the Due Diligence Expiration Date, to elect in its sole and absolute discretion, by giving written notice to Seller: (i) to terminate this Agreement; or (ii) to confirm its satisfaction with the Property and intent to close the transaction pursuant to the terms of this Agreement (the "**Approval Notice**"). Buyer's failure to give such Approval Notice shall be deemed an election to terminate this Agreement. Upon Buyer's election, or deemed election, to terminate this Agreement under this Section 3.B, this Agreement shall be deemed cancelled, the Deposit shall be released by Title Company to Buyer immediately upon demand by Buyer, after which, neither party shall have any further obligations to the other under this Agreement except those that are specifically stated to survive the termination of this Agreement. In addition to the other forms of delivery of notice permitted pursuant to this Agreement, and notwithstanding anything to the contrary contained in this Agreement, Buyer may deliver an Approval Notice by email to Seller's representative at the following email address: [donaiddt@westerncare.biz](mailto:donaiddt@westerncare.biz). An Approval Notice delivered by Buyer to Seller via email pursuant to the foregoing sentence shall be deemed effective when sent.

ii. Seller shall use reasonable efforts to cause to be delivered to Buyer (or otherwise made available for Buyer's review in a data room established by Seller for this transaction) within five (5) calendar days following the Opening of Escrow (but in no event to exceed ten (10) days following the Opening of Escrow) a legible copy of the following (the "**Property Documents**"):

1. All plans and specifications, soil, engineering, environmental or architectural notices, studies, reports, or plans, and all other written reports concerning the Facility that relates to the physical condition or operation of the Facility or



recommended improvements thereto, including, without limitation, any information that relates to the Facility's compliance with the Americans with Disabilities Act of 1990 (collectively, the "Plans and Reports");

2. All permits, licenses, approvals, entitlements and other governmental, utility service provider and other quasi-governmental authorizations, including any bed rights, certificates of need or other similar certificates and any certificates of occupancy that Seller now holds in connection with the ownership, planning, development, construction, use, operation or maintenance of the Property, and all amendments, modifications, supplements, general conditions and addenda thereto (collectively, the "Licenses");

3. All guarantees and/or representations, whether express or implied, made to or inuring to the benefit of Seller regarding the Property ("Warranties");

4. All contracts, leases and other agreements currently in effect relating to the Property, including the Contracts described in Section 11.A, together with any and all amendments, modifications or supplements thereto (collectively the "Contracts");

5. Copies of any and all written notices received by Seller within the last two (2) years from any governmental or quasi-governmental authorities with respect to: (A) violations or alleged violations of any License, law, code or regulation, including, without limitation, any health and sanitation, fire or building codes; and (B) defects or other deficiencies in the Facility; and

6. Such other documents or items as Buyer may reasonably request in connection with its due diligence investigation of the Property or the operation thereof.

C. Date Down of Representations. All of the representations and warranties of Seller shall be true and correct in all material respects as of the Close of Escrow.

D. No Uncured Breach. As of the Closing Date, there shall be no material breach of Seller's covenants or obligations under this Agreement which have not been cured within ten (10) calendar days after Seller's receipt of written notice from Buyer setting forth in reasonable detail the nature of such breach.

E. Facility Closing Condition. On or before the Closing Date, Seller shall have satisfied the Facility Closing Condition.

F. Grant Funding Condition. On the Closing Date, the Granting Funding Condition shall have been satisfied.

G. Financial Condition; Material Adverse Change. None of the following shall have been done by, against or with respect to Seller, prior to the Close of Escrow: (i) the commencement of a case under Title 11 of the U.S. Code (as now constituted or hereafter amended) or under any other applicable bankruptcy or other similar law; (ii) the appointment of a trustee or receiver of any property interest; (iii) an assignment for the benefit of creditors; (iv) an attachment, execution or other judicial seizure of a substantial property interest; (v) the taking of, failure to take or submission to any action indicating an inability to meet its financial obligations as they accrue; (vi) a dissolution or liquidation; or (vii) any material adverse change in its financial condition.

4. Seller Conditions. Seller's obligation to sell the Property shall be subject to its approval of each contingency set forth below (collectively, the "Seller Conditions") within the time periods indicated below. The Seller Conditions are for the sole benefit of Seller. The satisfaction of each Seller Contingency is a condition precedent to the Close of Escrow. Seller shall approve or disapprove any or all of the documents, materials, items and matters identified in this Section 4 in its reasonable discretion.

A. Date Down of Representations. All of the representations and warranties of Buyer shall be true and correct in all material respects as of the Close of Escrow.

B. No Uncured Breach. As of the Closing Date, there shall be no material breach of Buyer's covenants or obligations under this Agreement which have not been cured within ten (10) calendar days after Buyer's receipt of written notice from Seller setting forth in reasonable detail the nature of such breach.

5. Escrow.

A. Opening of Escrow; Escrow Instructions. Within three (3) Business Days of the Effective Date, the parties shall establish an escrow (the "Escrow") with Title Company. This Agreement, together with such further instructions, if any, as the parties shall provide to Title Company by written agreement, shall constitute the escrow instructions to the Title Company, including, without limitation, the standard printed general escrow instructions of Title Company incorporated herein by this reference. In the event of a conflict between this Agreement and such written escrow instructions, the latter shall control.

B. Close of Escrow.

i. Escrow shall close on the first Business Day after the tenth (10<sup>th</sup>) Calendar Day after all conditions to Closing have been satisfied or waived, but no later than July 31, 2024 (or other date agreed upon by the parties) (the "Close of Escrow" or "Closing"). The date on which the Closing occurs is sometimes referred to herein as the "Closing Date".

ii. The Close of Escrow shall be deemed to be effective and the transfer of the Property shall be deemed to have occurred as of 12:01 a.m. local time on the date of the Close of Escrow. Funds deposited into Escrow shall be disbursed by Title Company at Closing in accordance with the closing statement (herein the "Closing Statement(s)").

C. Seller Deposits into Escrow. Seller shall deliver or cause to be delivered to Title Company in a timely manner to permit the closing of the transaction contemplated hereby by the Close of Escrow, the following:

i. a duly executed and acknowledged grant deed in the customary form for the County (as hereinafter defined), subject to the Permitted Exceptions, which shall be set forth on a schedule attached thereto, in a form reasonably approved by Buyer (the "Deed");

ii. payoff letters from the holders or claimants of, or with respect to, any encumbrance or monetary lien affecting the Property that is not a Permitted Exception;

iii. any and all transfer declarations or disclosure documents, duly executed by the appropriate parties, required in connection with the recordation of the Deed by any state, city, or County agency having jurisdiction over the Property or the transactions contemplated hereby;

iv. a duly executed counterpart of the Closing Statement and California Form 593 C, duly executed by Seller; and

v. any other executed or other documents reasonably required by the Title Company to consummate this transaction.

D. Buyer Deposits into Escrow. Buyer shall deliver or cause to be delivered to Title Company in a timely manner to permit the closing of the transaction contemplated hereby by the Close of Escrow, the following:

i. a sum equal to the Purchase Price, less any credits against the Purchase Price provided for herein (including, without limitation, the Deposit), plus any other sums required for costs to be paid by Buyer pursuant to the terms of this Agreement;

ii. a duly executed counterpart of the Closing Statement;

iii. any and all transfer declarations or disclosure documents in form and substance reasonably acceptable to Buyer, duly executed by the appropriate parties, required in connection with the recordation of the Deed by any state, city, or County agency having jurisdiction over the Property or the transactions contemplated hereby; and

iv. any executed or other documents reasonably required by the Title Company to consummate this transaction.

E. Buyer Deliverables to Seller. As a condition precedent to the Close of Escrow in favor of Seller, Buyer shall deliver or cause to be delivered to Seller prior to the Close of Escrow, the following:

i. a duly executed certificate in the form attached hereto as Exhibit B confirming that all of Buyer's representations and warranties made in this Agreement are true and correct in all material respects as of the Close of Escrow; and

ii. any other executed or other documents reasonably required by Seller to consummate this transaction.

F. Authorization to Close Escrow. Provided Title Company has not received written notice from Buyer or Seller of the failure of any conditions precedent or of the termination of the Escrow, once Buyer and Seller have deposited into the Escrow or delivered to the other party (and provided Title Company with notice of the same), as applicable, the items required by this Agreement and the Title Company is irrevocably and unconditionally committed to issuing the Title Policy, Title Company shall:

i. Prepare, deliver to and obtain approval of a Closing Statement from both Seller and Buyer;

ii. Cause the Deed to be recorded in the Official Records of the county in which the Facility are located (the "County") and cause a conformed copy of the Deed to be mailed to Seller and Buyer after the same has been recorded;

iii. Deliver to Seller the Purchase Price, less: (A) all amounts to be paid by Seller hereunder, including, but not limited to, those amounts specified in Section 6; and (B) all amounts paid by Title Company in satisfaction of liens and encumbrances on the Property in order to put title to the Property into the state required by this Agreement; and

iv. Cause the Title Policy to be issued to Buyer by the Title Company (with delivery of the original Title Policy to occur as soon as possible thereafter, but in all cases within twenty (20) calendar days of the Close of Escrow).

G. Concurrent Assignment. Effective concurrently with the Close of Escrow, Seller hereby grants, conveys, assigns and transfers to Buyer all of Seller's right, title and interest in and to all: (i) Personal Property; (ii) Warranties; (iii) Licenses, to the extent transferrable or assignable under applicable law; (iv) Plans and Reports; and (v) all deposits or bonds held by any utility or other service provider with respect to the Property (with Seller to receive credit on the Closing Statement for any cash deposits transferred to Buyer). Buyer and Seller intend that upon Close of Escrow this assignment shall constitute a Bill of Sale and thereby vest in Buyer full ownership of the assets or rights described above, and that no other document of transfer or assignment shall be required by the parties hereto or any other person to achieve or evidence the same. However, if any additional document or action is reasonably required of Seller to vest in Buyer or its successors, nominees and assigns title to the assets or rights described above, or to evidence Buyer's or its successors,' nominees' and assigns' ownership of any of such assets or rights, Seller agrees, on its behalf and on behalf of its successors in interest, that it will, upon written request therefor, execute and deliver to Buyer or its successors, nominees and assigns any such document and take such further action as may be reasonably required.

H. Interpleader. The parties hereto expressly agree that if the parties give the Title Company contradictory instructions, the Title Company shall have the right, at its election, to file an action in interpleader requiring the parties to answer and litigate their several claims and rights among themselves and the Title Company is authorized to deposit with the clerk of the court all documents and funds held in this Escrow. If such action is filed, the parties agree to pay Title Company's cancellation charges and costs, expenses and reasonable attorneys' fees which Title Company is required to expend or incur in the interpleader action, the amount thereof to be fixed and judgment therefor to be rendered by the court. Upon the filing of such an action, Title Company shall thereupon be fully released and discharged from all obligations to further perform any duties or obligations otherwise imposed by the terms of the Escrow.

I. U.S. Treasury Regulations. The purchase and sale of the Property is the sale of "reportable real estate" within the meaning of U.S. Treasury Regulations Section 1.6045-4 (the "Regulation"). Title Company is the "real estate reporting person" within the meaning of the Regulation and shall make all reports to the federal government as required by the Regulation.

6. Closing Costs.

A. Seller Costs. Seller shall pay: (i) all transfer taxes (or similar taxes imposed in connection with the transfer of the Property) due in connection with the consummation of this

transaction; (ii) the fees for recording the Deed; and (iii) fifty percent (50%) of all escrow fees of the Title Company.

B. Buyer Costs. Buyer shall pay: (i) all costs incurred by Buyer in connection with its investigation of the Property, including the cost of the Survey, site inspections or environmental audits; (ii); and fifty percent (50%) of all escrow fees of the Title Company.

C. Cost of the Title Policy. Seller shall pay: (i) the portion of the premium for the Title Policy attributable to ALTA Standard Coverage in the amount of the Purchase Price; and (ii) the cost of any Disapproved Title Matter Endorsements Seller agrees in writing to provide. Buyer shall pay the incremental additional cost of the Title Policy attributable to ALTA Extended Coverage, plus the cost of all other endorsements to the Title Policy requested by Buyer.

D. Other Costs. Any other costs of the Escrow or of Closing pertaining to this transaction not otherwise expressly allocated among Buyer and Seller under this Agreement shall be paid by Seller. Buyer and Seller will pay their own legal costs. Appraisal fee of Two Thousand Five Hundred Dollars (2,500) will be split fifty percent (50%) to the Buyer and Seller.

E. Cancellation of Escrow. Notwithstanding the provisions of this Section 6, if the Escrow fails to close for any reason (other than the breach of this Agreement by one (1) or both of the parties), the costs incurred through the Escrow, including the cost of the PTR, shall be borne equally by Buyer and Seller. Otherwise, the party who breached this Agreement first shall bear all the costs of the Escrow, including the cost of the PTR. The provisions of this Section 6.E shall survive termination.

7. Prorations and Adjustments. All income and expenses of the Property shall be apportioned as of 12:01 a.m. on the day of the Closing, Seller being charged and credited for all of same up to such date and Buyer being charged and credited for all of same on and after such date. Such prorations, if and to the extent known and agreed upon as of the Closing, shall be paid by Buyer to Seller (if the prorations result in a net credit to the Seller) or by Seller to Buyer (if the prorations result in a net credit to the Buyer) by increasing or reducing the cash to be paid by Buyer at the Closing. Any such prorations not determined or not agreed upon as of the Closing shall be paid by Buyer to Seller, or by Seller to Buyer, as the case may be, in cash as soon as practicable following the Closing. Such prorated items include without limitation the following:

A. All Rents and any other income with respect to the Property received by the Closing, if any;



B. Real property taxes and assessments (including personal property taxes on the Personal Property) levied against the Property;

C. Improvement assessment liens, Mello Roos bond payments or other similar assessments which encumber the Property (including without limitation, charges, assessments, liens, and encumbrances for sewer, water drainage or other public improvements completed or commenced on or prior to the date hereof), and Seller shall have no obligation to pay the entire principal amount of any such assessments or bonds, except to the extent required under the terms of such assessments or bonds to be paid prior to the Closing;

D. Utility charges for which Seller is liable, if any, such charges to be apportioned at the Closing on the basis of the most recent meter reading occurring prior to the Closing (dated not more than fifteen (15) days prior to the Closing) or, if unmetered, on the basis of a current bill for each such utility;

E. All amounts payable with respect to Assumed Contracts; and

F. Any other operating expenses or other items pertaining to the Property which are customarily prorated between a buyer and a seller in the County in which the Property is located.

8. Title.

A. Conveyance. Title to the fee simple interest in the Property shall be conveyed to Buyer by the Deed at the Close of Escrow.

B. Title Policy. Provided that Buyer has obtained the Survey, the title to be conveyed to Buyer shall be insured by an ALTA Extended Coverage Owner's Policy of Title Insurance with liability in the amount of the Purchase Price, dated no earlier than the date of the Close of Escrow, issued by the Title Company, insuring that title to the fee interest in the Property is vested in Buyer, subject only to the Permitted Exceptions (the "Title Policy"). If Buyer has not obtained the Survey, then the Title Policy shall be an ALTA Standard Coverage Owner's Policy of Title Insurance. The Title Policy shall include the endorsements required by Buyer and shall exclude any stipulation for arbitration. Seller shall execute an affidavit and/or certified resolutions on the Title Company's standard form so that the Title Company can delete or modify the standard printed exceptions as to Seller's constituent documents, parties in possession, unrecorded liens and similar matters. As a condition precedent to the Close of Escrow in favor of Buyer, the Title Company shall be irrevocably and unconditionally committed to issue the Title Policy in the form required by this Agreement.

9. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller that the following matters are true and correct as of the execution of this Agreement and also will be true and correct as of the Close of Escrow:

A. Organization. Buyer is a California non-profit, public benefit corporation, duly organized, validly existing and in good standing under the laws of California.

B. Authority; Enforceability; Conflict. This Agreement and all the documents to be executed and delivered by Buyer to Seller or Title Company pursuant to the terms of this Agreement: (i) have been or will be duly authorized, executed and delivered by Buyer; (ii) are or will be legal and binding obligations of Buyer as of the date of their respective executions; (iii) are or will be enforceable in accordance with their respective terms (except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally); and (iv) do not, and will not at the Close of Escrow, violate any provision of any agreement to which Buyer is a party, any of Buyer's organizational documents or any existing obligation of or restriction on Buyer under any order, judgment or decree of any state or federal court or governmental authority binding on Buyer. No representation or warranty made by Buyer in this Agreement shall merge into any instrument of conveyance delivered at the Close of Escrow but shall survive the Close of Escrow for a period of three (3) months.

10. Representations and Warranties of Seller.

Seller hereby represents and warrants to Buyer the following matters are true and correct as of the execution of this Agreement and also will be true and correct as of the Close of Escrow:

A. Disclosure Schedule. Seller has prepared a Disclosure Schedule attached hereto as Exhibit C (the "Disclosure Schedule") for Buyer's use and convenience. No omission or lack of description of any item in the Disclosure Schedule shall be construed as an expressed or implied warranty that any such item does or does not exist. Buyer represents that Buyer will rely solely on Buyer's own due diligence and investigations and not on the Disclosure Schedule. All items in the Disclosure Schedule shall be exceptions to the representations of Seller.

B. Organization. Seller is a corporation, duly incorporated, validly existing and in good standing under the laws of the State of California and is not insolvent.

C. Authority; Enforceability; Conflict. This Agreement and all the documents and items to be executed and delivered by Seller to Buyer or Title Company pursuant to the terms



of this Agreement: (i) have been or will be duly authorized, executed and delivered by Seller; (ii) are or will be legal and binding obligations of Seller as of the date of their respective executions; (iii) are or will be enforceable in accordance with their respective terms (except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally); (iv) do not, and will not at the Close of Escrow, violate any provision of any agreement to which Seller is a party, any of Seller's organizational documents or any existing obligation of or restriction on Seller under any order, judgment or decree of any state or federal court or governmental authority binding on Seller; and (v) will be sufficient to convey title (if they purport to do so).

D. Compliance. To Seller's Knowledge (as hereinafter defined), except as set forth on Exhibit B, the Facility is in all material respects in compliance with all applicable laws, including all applicable building codes, environmental, zoning, subdivision, and land use laws. There are no legal proceedings or actions of any kind (including without limitation, any environmental, zoning or other land-use regulation proceeding), either instituted or, to Seller's Knowledge, planned to be instituted, which would affect the Facility or Seller's interest therein in any material respect.

E. Litigation; Condemnation. There are no: (i) material actions, suits or proceedings pending or, to Seller's Knowledge, threatened before or by any governmental authority or other person, against or affecting Seller, any of its affiliates or the Facility; or (ii) existing, or to Seller's Knowledge, proposed or threatened eminent domain or similar proceedings which would affect the Property in any manner whatsoever.

F. Hazardous Materials.

1. To Seller's Knowledge, the Facility has not been used in a manner which violates any federal, state or local law, regulation or ordinance or any judicial decisions, rules, regulations or publications promulgated thereunder regarding the environment or materials which are or could be hazardous to persons or property (collectively "Environmental Enactments"); (B) to Seller's Knowledge, there is no violation of an Environmental Enactment on the Property by any prior owner or operator of the Property; (C) to Seller's Knowledge, there is no discharge, seepage or release of Hazardous Materials (as hereinafter defined) onto the Property from adjoining property; and (D) to Seller's Knowledge, no prior owner has used the Property or allowed the Property to be used in a way which would require notice or reporting to a governmental agency of such use under any Environmental Enactment.

2. As used herein, "**Hazardous Materials**" shall mean any flammable substances, explosives, radioactive materials, pollutants, contaminants, medical waste materials, petroleum, petroleum products, hazardous or toxic materials or any related materials or substances at, on or beneath the Property, including but not limited to, substances defined as "extremely hazardous substances," "hazardous substances," "hazardous waste," "hazardous materials," "toxic substances," "infectious waste" or "medical waste" in any Environmental Enactment or in the regulations adopted and publications promulgated pursuant to said Environmental Enactments. As used herein, "a violation of an Environmental Enactment" or words of similar import shall mean the existence, use, storage, discharge, treatment, release, transportation or disposition of, whether temporarily or permanently, any Hazardous Materials at, on or under the Property other than in compliance with the requirements of all applicable Environmental Enactments.

G. Third-Party Consents. Seller has the full right and authority to consummate the transactions contemplated by this Agreement, including, without limitation, assigning to Buyer the Warranties, Licenses, Plans and Reports, and applicable deposits and bonds, pursuant to the terms and conditions contained herein and no consents from third parties are required to be obtained by Seller in connection therewith.

H. Foreign Person. Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the United States Internal Revenue Code of 1986. Neither Seller nor any of its investors, affiliates or brokers or other agents (if any), acting or benefiting in any capacity in connection with this Agreement is a Prohibited Person. As used herein, the term "**Prohibited Person**" shall mean any of the following: (A) a Person (as hereinafter defined) that is listed in the Annex to, or is otherwise subject to the provisions of, Executive Order No. 13224 on Terrorist Financing (effective September 24, 2001) (the "**Executive Order**"); (B) a Person that is owned or controlled by, or acting for or on behalf of any Person that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order; (C) a Person that is named as a "specially designated national" or "blocked person" on the most current list published by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") at its official website, <http://www.treas.gov/offices/enforcement/ofac>; (D) a Person that is otherwise the target of any economic sanctions program currently administered by OFAC; or (E) a Person that is affiliated with any Person identified in clauses (A), (B), (C) and/or (D). As used herein, the term "**Person**" means an individual or a corporation, limited liability company, partnership, trust, unincorporated organization, association or other entity.

I. Seller's Knowledge. As used in this Agreement, the terms "to Seller's Knowledge", "to the Knowledge of Seller", "known to Seller" or any similar phrase, shall mean the actual knowledge of PATRICK DOPPELMAYR without a duty of inquiry or investigation. Seller hereby represents and warrants that the foregoing individual is the representative of Seller most likely to have actual knowledge of the accuracy of the representations and warranties contained in this Section 10.

J. Survival of Representations and Warranties. No representation or warranty made by Seller in this Agreement shall merge into any instrument of conveyance delivered at the Close of Escrow, but shall survive the Close of Escrow for a period of twelve (12) months (the "**Representation Survival Termination Date**"); provided, however, that if Buyer notifies Seller, on or before the Representation Survival Termination Date, of any alleged breach of a representation or warranty occurring prior to the Representation Survival Termination Date (a "**Notice of Breach of Representation**"), and Buyer thereafter files a lawsuit against Seller in connection therewith within one hundred and eighty (180) calendar days following the notification and delivery of said Notice of Breach of Representation, then the applicable Representation Survival Termination Date shall be extended with respect to said representation and warranty only until the date on which a final judgment is obtained in said lawsuit, beyond any possibility of appeal. The effect of the representations and warranties made in this Agreement shall not be diminished or deemed to be waived by any inspections, tests or investigations made by Buyer or its agents.

K. "AS-IS". EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 10, BUYER HEREBY AGREES AND ACKNOWLEDGES THAT: (I) IT IS BUYING THE PROPERTY ON AN "AS-IS, WHERE-IS AND WITH ALL FAULTS" BASIS; (II) IT HAS MADE (OR WILL HAVE MADE) ITS OWN INVESTIGATIONS AND INSPECTIONS OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE PHYSICAL ASPECTS OF THE PROPERTY AND THE PROPERTY'S COMPLIANCE WITH ALL LAWS APPLICABLE TO THE PROPERTY'S CURRENT OR INTENDED USE; (III) IN CONNECTION WITH ITS INVESTIGATIONS AND INSPECTIONS OF THE PROPERTY, IT HAS CONTRACTED (OR HAD THE OPPORTUNITY TO CONTRACT) WITH CERTAIN ADVISORS AND CONSULTANTS AS BUYER DEEMED TO BE NECESSARY; (IV) IT HAS OR WILL HAVE APPROVED THE REPORTS OF SUCH ADVISORS AND CONSULTANTS; (V) IN ADDITION TO THE


REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN THIS AGREEMENT, IT IS RELYING SOLELY ON SUCH REPORTS AND ITS OWN INVESTIGATIONS AS TO THE PROPERTY, ITS CONDITION AND OTHER CHARACTERISTICS AND COMPLIANCE WITH LAWS; (VI) EXCEPT FOR AND SOLELY TO THE EXTENT OF THE REPRESENTATIONS AND WARRANTIES MADE BY SELLER SET FORTH IN THIS AGREEMENT (INCLUDING, WITHOUT LIMITATION, THIS SECTION 10), BUYER IS NOT MAKING THE PURCHASE OF THE PROPERTY IN RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS, EXPRESS OR IMPLIED, MADE BY SELLER OR ITS AGENTS OR BROKERS, AS TO THE CONDITION OF OR CHARACTERISTICS OF THE PROPERTY OR ITS FITNESS FOR USE FOR ANY PARTICULAR PURPOSE. THE PROVISIONS OF THIS SECTION 10.E SHALL SURVIVE TERMINATION OR CLOSING.

L. Waiver of Claims. Without limiting the above, Buyer hereby waives, as of the Close of Escrow hereunder, on behalf of itself and its agents, employees, affiliates, members, managers, partners, officers, directors, shareholders, successors and assigns, any and all right to recover from Seller (and each entity comprising Seller) and its respective trustees, members, managers, partners, shareholders, directors, officers, employees, agents, successors and assigns, including (collectively, the "**Seller Related Parties**"), and forever releases and discharges Seller and Seller Related Parties from any and all damages, claims, losses, liabilities, actions, causes of action, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with the Property including, without limitation, title to the Property, the physical and environmental condition of the Property, or any law or regulation applicable thereto (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Sections 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. Sections 1251 et seq.), the Toxic Substance Control Act (15 U.S.C. Sections 2601 et seq.), the California Hazardous Waste Control Law (California Health and Safety Code Sections 25100 et seq.), the Porter-Cologne Water Quality Control Act (California Water Code Sections 13000 et seq.), and the Safe Drinking Water and Toxic Enforcement Act (California Health and Safety Code Section 25249.5 et seq.)). Provided, however, that such waiver and release shall not apply to: (i) any matter against which Seller has

expressly agreed to indemnify Buyer elsewhere in this Agreement; (ii) any express covenants, representations or warranties of Seller contained in this Agreement; (iii) any matter or claim that was caused by Seller, or its employees, agents or contractors; (iv) any third-party claim to the extent relating to an occurrence during Seller's ownership of the Property (other than claims for which Buyer is required to indemnify pursuant to the terms of this Agreement); or (v) fraud.

In connection with the immediately preceding paragraph, Buyer expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

  
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Buyer's Initial

The provisions of this Section 10.L shall survive termination or Closing.

11. Seller's Pre-Closing Covenants. Seller hereby covenants with Buyer as follows:

A. Contracts. During the period between Seller's execution of this Agreement and the Close of Escrow or termination of this Agreement, Seller shall not, without the prior written consent of Buyer, enter into any Contract that will survive the Close of Escrow or will otherwise affect the use, operation or enjoyment of the Property after the Close of Escrow other than Contracts which can be terminated on no more than thirty (30) calendar days' notice without penalty or payment. Notwithstanding the foregoing, Buyer shall assume the following contracts at Closing: (i) Thessen Krump Elevator Contract; and (ii) Inland Copier Maintenance Contract. Simultaneously with delivery of Buyer's Approval Notice, Buyer shall elect to either assume, or not assume, all other Contracts. (The contracts required or elected to be assumed are herein referred to as the "Assumed Contracts").

B. Review Right. During the period prior to the Close of Escrow and upon reasonable notice to Seller, Buyer shall have the right to review Seller's records during normal business hours to verify any information provided by Seller to Buyer or to confirm Seller's compliance with its representations, warranties and covenants as contained herein.

C. Disclosures. From the Effective Date until the Closing Date, promptly upon discovery thereof by Seller, Seller shall disclose to Buyer in writing, any inaccuracies or variances with respect to its representations and warranties contained in this Agreement in the form of an update or modification to the Disclosure Schedule in a "redline comparison" or other manner that clearly identifies the specific inaccuracy or variance (each a "Seller Representation Update"). Within fifteen (15) calendar days after delivery of a Seller Representation Update (with the date of Closing being automatically extended to provide Buyer with the full fifteen (15) day period described herein, if delivered within the twenty (20) day period immediately preceding the Closing), Buyer may, in its reasonable discretion, determine that the Seller Representation Update (when taken together with the inaccuracies or variances of all prior Seller Representation Updates delivered, if any) has resulted in, or could reasonably be expected to result in, the existence of a material adverse effect on the operation of a Facility or is reasonably likely to be expected to result in the failure of a condition precedent in favor of Buyer, in which event, Buyer may elect, by delivery of written notice to Seller within said fifteen (15) day period following delivery of the Seller Representation Update, to: (A) terminate this Agreement, in which event the Deposit shall be immediately returned to Buyer and neither Buyer nor Seller shall have any further obligations under this Agreement, except those that expressly survive the termination of this Agreement; or (B) proceed to Closing, in which event Buyer shall be deemed to have accepted the disclosures set forth in such Seller Representation Update. In the event that Buyer does not timely deliver a written notice in accordance with clause (A) or (B) of the immediately preceding sentence, Buyer shall be deemed to have elected to proceed to Closing pursuant to clause (B) of the immediately preceding sentence.

12. Right to Enter Property. Commencing on the Opening of Escrow and continuing thereafter until the Close of Escrow or termination of this Agreement, Buyer and its agents and contractors shall have the right, at Buyer's sole cost and expense, to enter onto the Facility at reasonable times and in a reasonable manner for the purpose of making such tests and inspections as Buyer deems necessary in connection with this Agreement. Seller shall, at no cost to Seller, assist Buyer in arranging such tests and inspections. Buyer shall not unreasonably disturb or annoy any Residents in the course of making such tests and inspections. Buyer shall maintain (or cause its consultants to maintain) liability insurance coverage applicable to such tests and inspections with coverage in a commercially reasonable amount. After making such tests and inspections, Buyer shall restore the Facility substantially to its condition prior to such tests and inspections.



Buyer hereby agrees to indemnify, defend and hold harmless Seller and Seller Related Parties from any loss, damage, costs or expenses (including, without limitation, attorneys' fees) incurred by Seller by reason of any actual physical damage to the Facility or injury to persons caused by Buyer or its agents or contractors in exercising its rights hereunder. Such indemnity shall in no event extend to any costs or damages with respect to any claims of diminution in the value of the Facility. Such indemnity shall survive termination or Closing.

A. Proof of Insurance. Prior to its entry onto the Property, Buyer shall furnish Seller with the following insurance:

i. Workers' Compensation. Workers' compensation insurance as required by law and employer's liability insurance with minimum limits of One Million Dollars (\$1,000,000) covering all work places involved in this Agreement.

ii. General Liability. Comprehensive general liability insurance on an "occurrence basis," (CG 11 93 form including IFO 2010 11 85, or equivalent) including contingent coverage, with limits of not less than as indicated in either (1) or (2) as follows:

1. Per Occurrence / Aggregate. Bodily Injury Liability – One Million Dollars (\$1,000,000) each person, One Million Dollars (\$1,000,000) each occurrence; Property Damage Liability – Five Hundred Thousand Dollars (\$500,000) each occurrence, One Million Dollars (\$1,000,000) aggregate.

2. Single Limit. A single limit for Bodily Injury Liability and Property Damage Liability Combined of One Million Dollars (\$1,000,000) each occurrence and Two Million Dollars (\$2,000,000) aggregate.

All coverages must include a waiver of subrogation endorsement in favor of Seller, and naming Seller as an additional insured.

13. Loss by Fire, Other Casualty or Condemnation. If prior to the Close of Escrow, the Facility, or any part thereof, is destroyed or damaged by fire or other casualty and the cost to repair or restore the Facility is reasonably estimated by Buyer to be in excess of One Hundred Fifty Thousand Dollars (\$150,000) ("Material Damage"), or is subject to a taking by a public authority that affects or results in the loss of any of the beds at the Facility or materially and adversely affects the Intended Use or any other aspect of the Facility (a "Material Taking"), then Buyer shall have the right, exercisable by giving notice to Seller within fifteen (15) calendar days after receiving written notice of such damage or destruction or taking (and if necessary, the Close of Escrow shall be postponed to provide for such fifteen (15) day period) to do either of the following: (A)

terminate this Agreement, in which case neither party shall have any further rights or obligations hereunder (other than those obligations that expressly survive the termination of this Agreement) and any money or documents in Escrow shall be returned to the party depositing the same, except that Buyer and Seller shall each be responsible for one-half (1/2) of any title or Escrow cancellation fee; or (B) accept the Property (including the destroyed, damaged or condemned Facility) in its then condition and proceed to close this transaction with an abatement or reduction in the Purchase Price in an amount equal to the estimated cost, as reasonably determined by Buyer, to repair or cure the damage caused by the Material Taking or Material Damage less any insurance proceeds or condemnation award assigned by Seller to and actually received by Buyer at Closing. In the event of a casualty or condemnation that is not Material Damage or a Material Taking, Buyer shall accept the Property (including the destroyed, damaged or condemned Facility) in its then condition and proceed to close this transaction with an abatement or reduction in the Purchase Price in the amount of the deductible for the applicable insurance coverage, if any, and to receive an assignment of all of Seller's rights to any insurance proceeds payable by reason of such damage or destruction or condemnation awards payable by reason of such taking. If Buyer elects to proceed under clause (B) above, Seller shall not compromise, settle or adjust any claims to such proceeds or awards without Buyer's prior written consent. Seller agrees to give Buyer prompt notice of any Material Taking, Material Damage or destruction of the Facility.

14. Liquidated Damages. IF BUYER DEFAULTS IN ITS OBLIGATIONS TO CLOSE THE PURCHASE OF THE PROPERTY FOR ANY REASON OTHER THAN SELLER'S DEFAULT, BUYER'S DISAPPROVAL OF ANY CONTINGENCY, THE FAILURE OF A CONDITION PRECEDENT IN FAVOR OF BUYER, OR BUYER'S EXERCISE OF ITS RIGHT TO TERMINATE THIS AGREEMENT PURSUANT TO THE TERMS OF THIS AGREEMENT, AND BUYER FAILS TO CURE SUCH DEFAULT WITHIN TEN (10) CALENDAR DAYS AFTER RECEIVING WRITTEN NOTICE OF SUCH DEFAULT FROM SELLER, OR, IF SUCH DEFAULT IS NOT REASONABLY SUSCEPTIBLE OF BEING CURED WITHIN SUCH TEN (10) DAY PERIOD, IF BUYER FAILS TO COMMENCE TO CURE SUCH DEFAULT WITHIN SUCH TEN (10) DAY PERIOD, THEN, UPON DEMAND BY SELLER, AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY, THE DEPOSIT SHALL BE PAID TO AND RETAINED BY SELLER AS LIQUIDATED DAMAGES. THE PARTIES HERETO EXPRESSLY AGREE AND ACKNOWLEDGE THAT SELLER'S ACTUAL DAMAGES IN THE EVENT OF A DEFAULT BY BUYER WOULD BE



EXTREMELY DIFFICULT OR IMPRACTICABLE TO ASCERTAIN AND THAT THE AMOUNT OF THE DEPOSIT REPRESENTS THE PARTIES' REASONABLE ESTIMATE OF SUCH DAMAGES. IN ANY AND ALL ACTIONS BROUGHT PURSUANT TO OR TO ENFORCE BUYER'S OBLIGATIONS UNDER THIS AGREEMENT, IT SHALL BE CONCLUSIVELY PRESUMED THAT THE ABOVE-DESCRIBED LIQUIDATED DAMAGES SHALL BE THE SOLE REMEDY OF SELLER IN THE EVENT OF BUYER'S DEFAULT HEREUNDER AND IT SHALL NOT BE PROPER UNDER ANY CIRCUMSTANCES THAT BUYER'S OBLIGATION TO PURCHASE THE PROPERTY BE SPECIFICALLY ENFORCED. THE PROVISIONS OF THIS SECTION 14 SHALL SURVIVE TERMINATION.

15. Broker's Commission. Buyer and Seller each represent to the other that they have not entered into any agreement or incurred any obligation which might result in the obligation to pay a sales or brokerage commission or finder's fee with respect to this transaction. Seller agrees to indemnify, defend and hold Buyer harmless from and against any and all losses, claims, damages, costs or expenses (including attorneys' fees) which Buyer may incur as a result of any claim made by any person to a right to a sales or brokerage commission or finder's fee in connection with this transaction. The obligations of Buyer and Seller under this Section 15 shall survive the Close of Escrow.

16. Notices. Any notices, requests, demands or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally (FedEx and similar services shall be considered to be personal service) or upon delivery or refusal of delivery after mailing, if mailed to the party to whom notice is to be given, by first-class mail, registered or certified, postage prepaid, return receipt requested, and properly addressed to the applicable party below. Notice may also be given by electronic mail ("E-mail") to any party at the respective e-mail address given below. Transmission by E-mail will be deemed received when sent (as evidenced by the sender's "sent mail" mailbox and absence of a delivery failure message in the sender's "inbox") if sent or transmitted prior to 5:00 p.m. (Pacific Time) on a Business Day and, otherwise, on the next succeeding Business Day, except if the sending party receives an automatic reply that the recipient is unavailable, in which case notice shall be provided by one (1) of the other means.

To Seller: CARE WEST INSURANCE COMPANY  
4020 Sierra College Boulevard, Suite 200  
Rocklin, CA 95677  
Attn: Donald T. Trowbridge  
Phone: (916) 624-6205  
Email: [donaldt@westerncare.biz](mailto:donaldt@westerncare.biz)

To Buyer: THE GATHERING INN  
201 Berkeley Avenue  
Roseville, CA 95678  
Attn: Keith E. Diederich  
Phone: 916-945-1242  
Email: [keith@thegatheringinn.com](mailto:keith@thegatheringinn.com)

With copy to: Rolande Tillier  
Chief Operating Officer  
The Gathering Inn  
4020 Sierra College Blvd., Suite 100  
Rocklin, CA 95677  
Phone: 916-662-5351  
Email: [rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)

17. Miscellaneous Provisions.

A. Incorporation of Prior Agreements. This Agreement contains the entire understanding of Buyer and Seller with respect to the subject matter hereof, and no prior or contemporaneous written or oral agreement or understanding pertaining to any such matter, including, but not limited to, that letter of intent dated February 13, 2023, shall be effective for any purpose. No provision of this Agreement may be amended or added to except by an agreement in writing, expressly stating that such agreement is an amendment of this Agreement, signed by the parties to this Agreement or their respective successors in interest.

B. Buyer's Right to Assign. Neither party shall have the right to assign its rights under this Agreement without the prior written consent of the other party.

C. Attorneys' Fees. If either party commences an action against the other to interpret or enforce any of the terms of this Agreement or because of the breach by the other party of any of the terms hereof, the losing party shall pay to the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action, whether or not the action is prosecuted to a final judgment. For purposes of this Agreement, the terms "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel

to the parties hereto, which may include printing, copying, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The terms "attorneys' fees" or "attorneys' fees and costs" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred. The term "attorney" shall have the same meaning as the term "counsel".

D. Time is of the Essence. Time is of the essence for this Agreement. If any date set forth in this Agreement shall fall on, or any time period set forth in this Agreement shall expire on, a day which is a Saturday, Sunday, federal or state holiday, or other non-Business Day, such date shall automatically be extended to, and the expiration of such time period shall automatically be extended to, the next day which is not a Saturday, Sunday, federal or state holiday or other non-Business Day. The final day of any time period under this Agreement or any deadline under this Agreement shall be the specified day or date and shall include the period of time through and including such specified day or date.

E. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and to their respective transferees, successors and permitted assigns.

F. No Personal Liability or Third-Party Beneficiaries. In addition to any limitation on liability provided by law or any other agreement or instrument, no advisor, trustee, director, officer, employee, accountant, attorney, beneficiary, shareholder, partner, participant or agent of or in Buyer or Seller shall have any personal liability, directly or indirectly, under or in connection with this Agreement or the transaction contemplated hereunder.

G. Governing Law. This Agreement shall be construed in accordance with and governed by the internal laws of the State of California without giving effect to any "conflict of law" rules of such state.

H. Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which, when taken together, shall constitute a single document. Signatures transmitted by facsimile or electronic transmission (PDF, DocuSign) shall be binding.

I. Interpretation: Construction. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law, but, if any

provision of this Agreement shall be invalid or prohibited thereunder, such invalidity or prohibition shall be construed as if such invalid or prohibited provision had not been inserted herein and shall not affect the remainder of such provision or the remaining provisions of this Agreement. The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly against the party that drafted such language. Section and paragraph headings of this Agreement are solely for convenience of reference and shall not govern the interpretation of any of the provisions of this Agreement.

J. Exhibits; Schedule; Recitals Verified. All exhibits attached hereto are incorporated herein by reference. The recitals to this Agreement are hereby stated to be true and correct and are incorporated herein by this reference.

K. Waiver by a Party. The waiver of any contingency, representation, warranty, covenant, or other matter or provision hereof may only be made by the party benefitted by the same, and the waiver must be in writing, must be signed by the benefitted party and must specifically state which matter is being waived. This Agreement may be amended only by a written agreement signed by each of the parties hereto.

L. Further Assurances. In addition to the actions recited herein and contemplated to be performed, executed and/or delivered hereunder, Buyer and Seller agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered any and all such further acts, instruments and assurances as may be reasonably required to consummate the transactions contemplated hereby.

M. Injunctive and Equitable Relief. Seller and Buyer hereby agree that the Property is of a special and unique character which gives it a peculiar value, and that Buyer cannot reasonably or adequately be compensated in damages in an action at law if Seller breaches its obligation to sell the Property to Buyer. Therefore, Seller expressly agrees that Buyer shall be entitled to injunctive and other equitable relief (including, without limitation, the right to specifically enforce Seller's obligation to sell the Property to Buyer) in the event of such breach. Buyer expressly agrees that its sole remedies following a breach of this Agreement by Seller prior to the Close of Escrow shall be either: (i) to terminate this Agreement by delivery of written notice to Seller prior to the Close of Escrow, in which case, the Deposit shall be returned to Buyer and Seller shall reimburse Buyer for the actual out-of-pocket costs paid by Buyer in connection with this Agreement and Buyer's investigation of the Property; or (ii) to commence an action for injunctive or other equitable relief as provided in the immediately preceding sentence.

N. Business Days. As used in this Agreement, a "**Business Day**" shall mean a day other than Saturday, Sunday or any day on which banking institutions in Los Angeles, California, are authorized by law or other governmental action to close. All other references to "days" or "calendar days" in this Agreement shall refer to calendar days. If any period expires or delivery date falls on a date that is not a Business Day under this Agreement, such period shall be deemed to expire and such delivery date shall be deemed to fall on the immediately succeeding Business Day.

O. Survival. The covenants, representations or indemnities set forth in this Agreement which expressly provide for survival in the event of termination or Closing, including without limitation those set forth in Section 9, Section 10, Section 11, Section 12, Section 14 and Section 17 shall survive the Close of Escrow or any termination of this Agreement; provided, however, to the extent that any provision of this Agreement provides for a specific period for survival, any such covenant, representation or indemnity shall only survive for that period.

P. Confidentiality. Neither Buyer, Seller, nor any broker employed or engaged by any of them shall issue (or cause to be issued) any press releases concerning the subject matter hereof, structure of the transactions or the status of negotiations conducted hereunder except as may be jointly agreed to by Seller and Buyer or as any of them may reasonably consider necessary in order to satisfy the requirements of applicable law; provided, however, that notwithstanding anything herein to the contrary, Buyer may, free from the restrictions of this Section 17.P, report on the transaction completed by this Agreement in connection with: (i) any press release or investor call concerning Buyer's earnings or financial performance; (ii) any filings or disclosures required to be made to the Securities and Exchange Commission or state securities' commission in accordance with applicable law, as reasonably determined by Buyer; or (iii) any meetings or conference calls with, or disclosures made to, Buyer's consultants, contractors, investors, principals, employees, agents, attorneys, accountants and other advisors.

Q. Title Company Indemnity. Seller and Buyer hereby agree, jointly and severally, to indemnify and hold harmless Title Company from and against all costs, damages, judgment, attorney's fees, expenses, obligations, and liabilities of any kind or nature, which Title Company in good faith may incur or sustain in connection with this Agreement. Title Company shall not be liable for any actions taken or omitted by it in good faith and may rely upon, and act in accordance with the advice of its counsel without liability on its part for any action taken or omitted in accordance with such advice.

R. 1031 Exchange. Buyer or Seller may consummate the purchase or sale of the Property as part of a so-called like kind exchange (the "Exchange") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"), provided that: (a) the Closing shall not be delayed or affected by reason of the Exchange nor shall the consummation or accomplishment of the Exchange be a condition precedent or condition subsequent to Buyer's or Seller's obligations under this Agreement; (b) Seller shall not be required to take an assignment of the purchase agreement for the relinquished property or be required to acquire or hold title to any real property for purposes of consummating the Exchange; (c) a party performing an Exchange shall pay any additional costs that would not otherwise have been incurred had such party not consummated an Exchange; (d) neither party's acquiescence to an Exchange shall affect or diminish in any manner its rights hereunder nor shall the party not performing an Exchange be responsible for compliance with or be deemed to have warranted to the other party that the Exchange in fact complies with Section 1031 of the Code; and (e) any party performing an Exchange shall indemnify, defend, and hold harmless the other party from or against all claims, losses, costs, damages, liabilities (including reasonable attorneys' fees) in connection therewith.

S. DISPUTE RESOLUTION/JUDICIAL REFERENCE. ANY CONTROVERSY, CLAIM, ACTION OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE HEARD BY A REFERENCE PURSUANT TO THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 638 THROUGH 645.1, INCLUSIVE, ACCORDING TO THE FOLLOWING PROCEDURES:

i. THE PARTIES SHALL AGREE UPON A SINGLE REFEREE WHO SHALL THEN TRY ALL ISSUES, WHETHER OF FACT OR LAW, AND REPORT A FINDING AND JUDGMENT THEREON. IF THE PARTIES ARE UNABLE TO AGREE UPON A REFEREE WITHIN TEN (10) DAYS OF A WRITTEN REQUEST TO DO SO BY ANY PARTY, THEN ANY PARTY MAY THEREAFTER SEEK TO HAVE A REFEREE APPOINTED PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 638 AND 640;

ii. THE PARTIES AGREE THAT THE REFEREE SHALL HAVE THE POWER TO DECIDE ALL ISSUES OF FACT AND LAW AND REPORT HIS/HER DECISION THEREON, AND TO ISSUE ALL LEGAL AND EQUITABLE RELIEF APPROPRIATE UNDER THE CIRCUMSTANCES OF THE CONTROVERSY BEFORE HIM/HER; PROVIDED, HOWEVER, THAT TO THE EXTENT THE REFEREE IS UNABLE



TO ISSUE AND/OR ENFORCE ANY SUCH LEGAL AND EQUITABLE RELIEF, EITHER PARTY MAY PETITION THE COURT TO ISSUE AND/OR ENFORCE SUCH RELIEF ON THE BASIS OF THE REFEREE'S DECISION;

iii. THE CALIFORNIA EVIDENCE CODE RULES OF EVIDENCE AND PROCEDURE RELATING TO THE CONDUCT OF THE HEARING, EXAMINATION OF WITNESSES AND PRESENTATION OF EVIDENCE SHALL APPLY;

iv. ANY PARTY DESIRING A STENOGRAPHIC RECORD OF THE HEARING MAY SECURE A COURT REPORTER TO ATTEND THE HEARING; PROVIDED, THE REQUESTING PARTY NOTIFIES THE OTHER PARTIES OF THE REQUEST AND PAYS FOR THE COSTS INCURRED BY THE COURT REPORTER;

v. THE REFEREE SHALL ISSUE A WRITTEN STATEMENT OF DECISION WHICH SHALL BE REPORTED TO THE COURT IN ACCORDANCE WITH CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 643 AND MAILED PROMPTLY TO THE PARTIES;

vi. JUDGMENT MAY BE ENTERED ON THE DECISION OF THE REFEREE IN ACCORDANCE WITH CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 644, AND THE DECISION MAY BE EXCEPTED TO, CHALLENGED AND APPEALED ACCORDING TO LAW;

vii. THE PARTIES SHALL PROMPTLY AND DILIGENTLY COOPERATE WITH ONE ANOTHER AND THE REFEREE, AND SHALL PERFORM SUCH ACTS AS MAY BE NECESSARY TO OBTAIN A PROMPT AND EXPEDITIOUS RESOLUTION OF THE DISPUTE OR CONTROVERSY IN ACCORDANCE WITH THE TERMS HEREOF; AND

viii. THE COST OF SUCH PROCEEDING, INCLUDING, BUT NOT LIMITED TO THE REFEREE'S FEES, SHALL INITIALLY BE BORNE EQUALLY BY THE PARTIES TO THE DISPUTE OR CONTROVERSY. HOWEVER, THE PREVAILING PARTY IN SUCH PROCEEDING SHALL BE ENTITLED, IN ADDITION TO ALL OTHER COSTS, TO RECOVER ITS CONTRIBUTION FOR THE COST OF THE REFERENCE, COURT REPORTER FEES (IF PAID), AND ITS REASONABLE ATTORNEYS' FEES AS ITEMS OF RECOVERABLE COSTS.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

**SELLER:**

CARE WEST INSURANCE COMPANY, a  
California corporation

By: 

Name: Donald T. Trowbridge

Title: Secretary/CFO

**BUYER:**

THE GATHERING INN, a California  
nonprofit, public benefit corporation

By: 

Name: Keith E. Diederich

Title: President and CEO 5/9/2024



### CONSENT OF ESCROW

The undersigned agrees to: (a) accept this Agreement; (b) be the Title Company under this Agreement; and (c) be bound by this Agreement in the performance of its duties as Title Company. However, the undersigned will have no obligations, liability or responsibility under this Agreement or any amendment hereto unless and until this Agreement and such amendment, as applicable has been fully executed by the parties hereto and delivered to the undersigned.

TITLE COMPANY:

PLACER TITLE COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_, 2024  
Escrow No. [\_\_\_\_\_]

**EXHIBIT A**  
**REAL PROPERTY DESCRIPTION**

THE "REAL PROPERTY" REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF PLACER, CITY OF LINCOLN, AND IS FURTHER DESCRIBED AS FOLLOWS:

PARCEL "I" ON PARCEL MAP FILED FOR RECORD JANUARY 19, 1989, IN BOOK 24 OF PARCEL MAPS, AT PAGE 96 OFFICIAL RECORDS.

SAID PROPERTY ALSO BEING DESCRIBED AS FOLLOWS:

A PORTION OF SECTION 16, TOWNSHIP 12 NORTH, RANGE 6 EAST, M.D.B.& M., AND ALSO BEING A DIVISION OF PARCEL "A", BOOK 22 OF PARCEL MAPS, AT PAGE 45, LYING WITHIN THE CITY OF LINCOLN, COUNTY OF PLACER, CA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND SHOWN AS PARCEL A ON PARCEL MAP NO. 49749, FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF PLACER COUNTY, CALIFORNIA ON DECEMBER 23, 1985, IN BOOK 22 OF PARCEL MAPS, AT PAGE 45, PLACER COUNTY RECORDS; THENCE ALONG THE WESTERLY BOUNDARY OF SAID PARCEL NORTH 00°04'35" WEST 265.29 FEET; THENCE ALONG THE NORTHERLY BOUNDARY NORTH 89°40'54" EAST 340.00 FEET; THENCE SOUTH 00°04'35" EAST 265.29 FEET TO THE SOUTHERLY BOUNDARY OF SAID PARCEL; THENCE ALONG THE SOUTHERLY BOUNDARY SOUTH 89°40'54" WEST 340.00 FEET TO THE POINT OF BEGINNING.

APN: 021-321-040-000

EXHIBIT A

45064186.24/550281.0013

**EXHIBIT B**  
**CERTIFICATE OF BUYER**

EXHIBIT B

45064186.24/550281.0013

**EXHIBIT C**  
**DISCLOSURE SCHEDULE**

1. Elevator nonfunctioning
2. Gazebo in memory care garden is in disrepair
3. Sidewalks, parking lot and outside walkways, maybe out of compliance with ADA codes
4. Other building codes maybe out of compliance
5. 3 doors magnetic locking systems are not functioning
6. All items on the inspection report

# **EXHIBIT R**

## Timothy McGrath

---

**From:** Timothy McGrath  
**Sent:** Monday, June 24, 2024 7:30 PM  
**To:** Rolande Tellier  
**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Good Afternoon Rolande,

Looks like all questions from review have been satisfied.

Thank you for getting those over so quickly today.

Have a wonderful rest of your day.

Sincerely,

**Timothy McGrath**

Grant Coordinator, Government Services

D: 332.242.6173

**The Community Care Expansion (CCE) Program**

[www.ccegrant.com](http://www.ccegrant.com) | **HORNE**

---

**From:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>  
**Sent:** Monday, June 24, 2024 3:14 PM  
**To:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>  
**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Got it. We don't anticipate having assisted living up and running for at least a year. With regard to outreach when we are operational, guests of our medical respite program or emergency shelters will be prioritized – we are assuming we will be able to fill all beds through that process.

Does that help?



15, 2024

**Rolande Tellier**

*Chief Operating Officer*

916-662-5351

[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)

**THE GATHERING INN**

4020 Sierra College Blvd., Ste 100

Rocklin, CA 95677



Click [Logo](#) to learn more about our **Signature Event, Gathering For Hope 20-Year Anniversary Celebration November**

---

**From:** Timothy McGrath <Timothy.McGrath@horne.com>

**Sent:** Monday, June 24, 2024 12:05 PM

**To:** Rolande Tellier <rtellier@thegatheringinn.com>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Just for further clarification. This is for the 20 beds.

Thank you

**Timothy McGrath**

Grant Coordinator, Government Services

D: 332.242.6173

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---

**From:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Sent:** Monday, June 24, 2024 2:54 PM

**To:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

I'm confused... I included all of that in the PSF with my earlier response.

The partnership documents I sent were award announcements from our partners showing financial support of the program.

There was information included on our referral process and the referral form. With regard to outreach, admission to the program is by referral only – we have relationships with the hospitals who are aware of the service, and we appear on referral lists as a CalAIM provider of medical respite and short-term post hospitalization.

I'm not sure what I'm missing?



15, 2024

**Rolande Tellier**

*Chief Operating Officer*

916-662-5351

[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)

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---

**From:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>

**Sent:** Monday, June 24, 2024 11:49 AM

**To:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Hello Rolande,

Review asked the following:

- Partnership documents or a narrative that details how you will collaborate with them.
- Details of the referral processes
- Metrics of how outreach will be conducted

Thank you.

**Timothy McGrath**

Grant Coordinator, Government Services

D: 332.242.6173

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---

**From:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Sent:** Monday, June 24, 2024 1:59 PM

**To:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Hi,

TGI operates 3 emergency shelters that can accommodate a total of 215 guests per night; we serve approximately 650 unduplicated individuals in our shelters each year.

Our shelter program directors report that 32 guests currently staying in our shelters would be better served through assisted living. They are identified as needing assistance with activities of daily living – we have a number of guests who suffer from incontinence, are using oxygen, or have difficulty navigating sleeping arrangements (bunk beds or sleeping on mats on the floor), or use a walker or wheelchair to get around.

The 32 guests reported above do not include current or past guests of our medical respite program. Having RCFE beds as an exit destination would benefit that program as well.

Finally, CalAIM has a community support for “nursing home diversion to assisted living” that TGI would add to our contracted services once we become licensed. This will help with reimbursement of ADL costs.



Please let me know if you have any additional questions.



15, 2024

## Rolande Tellier

Chief Operating Officer  
916-662-5351  
[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)

**THE GATHERING INN**  
4020 Sierra College Blvd., Ste 100  
Rocklin, CA 95677



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Event,  
Gathering  
For Hope 20-  
Year  
Anniversary  
Celebration  
November**

---

**From:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>

**Sent:** Monday, June 24, 2024 10:38 AM

**To:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Hi Rolande,

Review came back with a follow up:

- exact number of patients from the shelters that would be able to transition to an RCFE bed at this point in time
- brief description of what the process would like for identifying patients in your shelters
- How many shelters
- Will you also be admitting patients from their existing hospital partnerships into their RCFE beds and If so, will you be coordinating with hospital case management or the homeless service provider. Please provide a brief description of what that process will be

Thank you.

## Timothy McGrath

Grant Coordinator, Government Services

D: 332.242.6173

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---

**From:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Sent:** Monday, June 24, 2024 1:05 PM

**To:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Hi Tim,

Our intent is to apply for RCFE once the facility is up and running. The process takes quite some time and we plan to fill the beds with medical respite and short term post hospitalization guests until we are able to get licensed. Once we are licensed, we will be prioritizing guests currently in our shelters who need a higher level of care – we don't anticipate many challenges with filling those beds as the number of our guests over 65 continues to grow each year. We have about 12 currently in program who would benefit from placement in assisted living, but cannot afford it.

Does that help?



15, 2024

**Rolande Tellier**

*Chief Operating Officer*

916-662-5351

[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)

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Rocklin, CA 95677



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---

**From:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>

**Sent:** Monday, June 24, 2024 10:01 AM

**To:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Hello Rolande,

Review reached out and wanted to say thank you for making it easier by combining the documents into one.

They did have a question. They asked what will be your outreach processes for filling those 20 beds reserved for RCFE.

Thank you.

**Timothy McGrath**

Grant Coordinator, Government Services

D: 332.242.6173

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---

**From:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Sent:** Monday, June 24, 2024 10:18 AM

**To:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Good morning!

I've compiled the requested information into a single PDF, hoping that is easier for the team. If you need the documents broken out, let me know.

Included are award notifications from Kaiser, Sutter and Partnership Health Plan demonstrating their support of our medical respite program; the referral process for hospitals and community partners, our referral form, and 1<sup>st</sup> quarter 2024 outcomes. You can see that in the first quarter alone, we had to turn away 46 guests due to lack of capacity.

Please let me know if you need anything else and have a great day!  
Rolande



15, 2024

**Rolande Tellier**

*Chief Operating Officer*

916-662-5351

[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)

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Rocklin, CA 95677



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---

**From:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>

**Sent:** Friday, June 21, 2024 4:26 PM

**To:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Hello Rolande,

Not a problem.

I have forwarded that information over to internal review.

Have a wonderful weekend.

Sincerely,

**Timothy McGrath**

Grant Coordinator, Government Services

D: 332.242.6173

**The Community Care Expansion (CCE) Program**

---

**From:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Sent:** Friday, June 21, 2024 7:11 PM

**To:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

**CAUTION:** This email is from an external sender. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Tim,

My apologies for the delay in responding. I will get you the hospital information Monday morning, though I believe a lot of that was addressed in our proposal. I will get you additional details around our processes.

Regarding the timelines, let's change the first 2 to "within 60 days of close of escrow" just to give us bit more time just in case. 😊

Have a great weekend!

Rolande



**The Gathering Inn**  
15, 2024

**Rolande Tellier**  
Chief Operating Officer  
916-662-5351  
[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)

**THE GATHERING INN**  
4020 Sierra College Blvd., Ste 100  
Rocklin, CA 95677

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---

**From:** Timothy McGrath <[Timothy.McGrath@horne.com](mailto:Timothy.McGrath@horne.com)>

**Sent:** Friday, June 21, 2024 3:58 PM

**To:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Subject:** RE: CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Good Afternoon Rolande,

I hope you are having a great Friday.

I was just following up before the weekend to see if you had any questions on the previous email before the weekend.

If you do, feel free to reach out.

Have a wonderful rest of your day.

Sincerely,

**Timothy McGrath**

Grant Coordinator, Government Services

D: 332.242.6173

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---

**From:** Timothy McGrath

**Sent:** Thursday, June 20, 2024 8:15 PM

**To:** Rolande Tellier <[rtellier@thegatheringinn.com](mailto:rtellier@thegatheringinn.com)>

**Subject:** CCE-1767623224 The Gathering Inn Medical Respite Expansion: SOW and Confirmation of Timeframes for Documents

Good Afternoon Rolande,

It was a pleasure speaking with both you and Lisa Tuesday.

We are in the process of finalizing the review of your PFA documentation and would like to know more details regarding the Outreach Section of your Statement of Work (SOW).

You have indicated that Residents will be referred to the program through contributing hospitals, Sutter Health, and Kaiser Permanente.

May you please provide more details regarding your partnership with these hospitals.

Please provide the below items:

- Partnership documents or a narrative that details how you collaborate with them.
- Details of the referral processes you have in place with the hospitals.
- Please include clear metrics of how outreach will be conducted, existing referral streams, and any commitments from those referral streams that they will be able to fill the new beds.

You also mentioned in your application that Non-hospital referrals originate from street outreach or partnerships with other agencies. Could you please provide details of how those processes work as well?

Additionally, please confirm the timeframes of when they said they would be submitting these compliance documents:

- Final Construction Plans and Specifications - Within 30 days of Escrow. By 08/31/24
- Executed Construction Contract - Within 30 days of Escrow. By 08/31/24
- Labor and Material Bonds and Performance Bonds - Will provide within 90 days of 7/31/24. 10/31/24 at the latest.

Also, please provide your available times for 7/1 and 7/2.

If you have any questions, please do not hesitate to reach out.

Thank you and have a wonderful rest of your day.

Sincerely,

**Timothy McGrath**

Grant Coordinator, Government Services

D: 332.242.6173

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