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CITY OF LINCOLN

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

**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]**

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 20th 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 20th 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 20th 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 **SECOND CAUSE OF ACTION FOR**
10 **PRELIMINARY AND PERMANENT INJUNCTION, AND CIVIL PENALTIES—**
11 **UNFAIR BUSINESS PRACTICES (BUSINESS AND PROFESSIONS CODE SECTION**
12 **17200 ET. SEQ.)**

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

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

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

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

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

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

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

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

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
27
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

PROOF OF SERVICE

I, Monica Quinones, declare:

I am a citizen of the United States and employed in San Bernardino County, California. I am over the age of eighteen years and not a party to the within-entitled action. My business address is 2855 E. Guasti Road, Suite 400, Ontario, California 91761. On July 24, 2025, I served a copy of the within document(s):

SECOND AMENDED COMPLAINT/PETITION

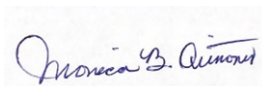
- ☐ by transmitting via facsimile the document(s) listed above to the fax number(s) set forth below on this date before 5:00 p.m.
- ☐ by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, the United States mail at Ontario, California addressed as set forth below.
- ☐ by placing the document(s) listed above in a sealed _____ envelope and affixing a pre-paid air bill, and causing the envelope to be delivered to a _____ agent for delivery.
- ☐ by personally delivering the document(s) listed above to the person(s) at the address(es) set forth below.
- ☒ by transmitting via e-mail or electronic transmission the document(s) listed above to the person(s) at the e-mail address(es) set forth below.

Please see attached Service List.

I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on July 24, 2025, at Ontario, California.



Monica Quinones

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