

LETTER OF AGREEMENT FOR THE ALLIANCE HOUSING FUND

SANTA CRUZ-MONTEREY-MERCED-SAN BENITO-MARIPOSA MANAGED MEDICAL CARE COMMISSION AND COUNTY OF MONTEREY

This Letter of Agreement for the Alliance Housing Fund (“Agreement”), effective upon the date of the last signature (“Effective Date”), is entered into between Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission, operating as Central California Alliance for Health (“Alliance”), having a principal place of business at 1600 Green Hills Road, Suite 101, Scotts Valley, CA 95066-4981 and the County of Monterey, a political subdivision of the State of California (“Partner”), having a principal place of business at 168 West Alisal Street, Salinas, CA 93901.

Recitals

Whereas, the Alliance has established the Alliance Housing Fund (“Alliance Housing Fund”) to offer awards to health care providers and community organizations to support efforts that advance the Alliance mission to provide accessible, quality health care guided by local innovation in the Alliance’s service area;

Whereas, the Alliance may award Alliance Housing Fund funds to Alliance contracted providers and non-contracted organizations; and

Whereas, the Alliance has agreed to award Partner with Alliance Housing Fund funds, contingent upon Partner’s performance as set forth under this Agreement, to be used by Partner for the purpose of performing the project described in the Statement of Work attached as Exhibit 1 (the "Project") and Partner desires to receive Alliance Housing Fund funds from the Alliance for performing the Project.

Now Therefore, the Alliance and Partner agree that all funds awarded to Partner under the Alliance Housing Fund shall be subject to the terms and conditions of this Agreement.

1. Alliance Housing Fund Background. The Alliance established the Alliance Housing Fund to fund projects in the areas of permanent housing, recuperative care, and short-term post-hospitalization housing. The Alliance earned funds from the Housing and Homelessness Incentive Payment Program (“HHIP”), a voluntary incentive program that enabled Medi-Cal managed care plans (“MCPs”) to earn incentive funds for making progress in addressing homelessness and housing insecurity as social determinants of health. The Alliance shall utilize HHIP funds earned by the Alliance to fund the Alliance Housing Fund in a manner consistent with the terms of HHIP, any terms imposed as a condition of federal approval of HHIP, and any Department of Health Care Services (“DHCS”) guidance related to HHIP. The Alliance may also utilize funds from the Alliance’s Medi-Cal Capacity Grant Program (“MCGP”) to fund the Alliance Housing Fund as the Alliance deems appropriate. The Partner submitted a

letter of intent to the Alliance containing Partner's gaps and needs information ("Letter of Intent"), which the Alliance relied upon in determining the terms of this Agreement, including but not limited to the terms of the Statement of Work attached to this Agreement as Exhibit 1 and hereby incorporated by reference ("SOW"). The actual amount of the funds awarded to Partner ("Award") shall be determined by and contingent upon Partner's completion of the Project as outlined in the SOW. For purposes of this Agreement, "Medi-Cal eligible individuals" or "Medi-Cal eligible residents" shall mean individuals with incomes that meet the then-current Medi-Cal eligibility income limits, regardless of whether such individuals meet any other Medi-Cal eligibility requirements unrelated to income.

The parties acknowledge that the Alliance is entering into this Agreement and directing the Award payments to Partner for the site development of a non-congregate Low Barrier Navigation Center. Partner agrees to unconditionally and irrevocably guarantee performance under this Agreement (including Useful Life under the SOW) and to protect, defend, indemnify and hold harmless the Alliance for, from and against, any and all losses, damages or liability which may be suffered or incurred by, imposed on or awarded against the Alliance as a result of any default by Partner under this Agreement. To the extent that any recoupment, recapture, or repayment provisions apply to any default by Partner under this Agreement (including, without limitation, Partner's Useful Life obligations), the parties agree that Partner be liable for any repayment and performance unless otherwise agreed. Partner shall remain liable to the Alliance for performance for the site development and construction of the facility under this Agreement and compliance with all Useful Life requirements until Alliance agrees in writing to a transfer or assignment of Partner's obligations as described in this Agreement. It is the intent of the parties that the obligations and liabilities of Partner's performance under this Agreement are absolute, irrevocable, and unconditional under any and all circumstances and that until Partner's obligations under this Agreement are fully and finally performed (including Useful Life requirements) and not subject to refund or disgorgement, the obligations and liabilities of the Partner under this Agreement shall not be discharged or released, in whole or in part unless otherwise agreed upon in writing.

2. Statement of Work. Subject to the terms and conditions stated in this Agreement, the Alliance agrees to provide the Award to Partner for completing the Project described in the SOW. Partner represents and warrants to the Alliance that: (i) Partner's performance under this Agreement shall be conducted with due diligence and in a competent, efficient, timely manner, and in full compliance with the highest professional standards of practice in the industry; (ii) if Partner's work requires any licenses, Partner has, or will have prior to commencement, obtained all such licenses and all such licenses shall be in full force and effect during the Funding Term; (iii) the Project, when completed, will be in conformity with all of the requirements set forth in this Agreement and will be free of material errors or defects.
3. Liaisons. The Alliance and Partner will each designate a liaison(s) to serve as a point of contact for activities performed related to this Agreement (each, a "Liaison") as set forth in the applicable SOW.

4. Utilization and Amount of Award. The amount of the Maximum Award shall be set forth in the SOW and shall reflect the Project funding needs described in Partner's Letter of Intent. Partner acknowledges and agrees that the actual Award shall be granted in consideration of and on condition that Partner expends Award funds only for the purpose of performing its obligations as set forth in this Agreement. To the extent that Partner anticipates it will be unable to utilize or does not actually utilize any portion of the Award funds to perform the Project in conformance with the terms of this Agreement, the SOW, and the Project Plan, Partner shall notify the Alliance and return any such Award funds. Partner agrees to assume any obligation to furnish any additional funds that may be necessary to complete and maintain the Project as described in this Agreement and the SOW or as otherwise agreed upon by the parties. All costs accrued prior to Construction Start Date, as defined in the SOW, are not eligible for reimbursement unless specifically provided for in the terms of the SOW.
5. Payment Schedule. The schedule for the payment of the Award is set forth in the SOW.
6. Payment Documentation. The timing, scope, and format of the documentation that Partner shall provide to the Alliance to request funds is set forth in the SOW. The Alliance reserves the right to request additional documentation as it deems necessary to validate the use of Award funds, either before or after use by Partner, and shall have the right at its sole discretion to withhold any payment pending any questions that it may have regarding the use of funds. The Alliance reserves the right to enter into a separate agreement with a third party to ensure that the covenants of this Agreement are met by the Partner, including but not limited to those of the SOW.
7. Recoupment. Should Partner only partially achieve certain Milestones despite Partner's good faith attempt to complete the Milestones in their entirety, the Alliance may assess whether and to what extent partial payment is appropriate. If the Alliance determines that the Partner's partial Milestone achievement effectively supports Project goals, then the Alliance may, at its sole discretion, award partial payment in an amount the Alliance deems appropriate for the Partner's contribution to the Project goals. Notwithstanding the foregoing, the Alliance shall be under no obligation to award partial payments for incomplete Milestones. It is at the Alliance's sole discretion to determine if Partner must return part or all of any Award payment for partially-completed Project Milestones. Partner agrees to return any Award payments that Partner already received under this Agreement for incomplete Milestones as the Alliance may direct, even if such funds were properly used.
8. Disputed Amounts. The Alliance shall be permitted to withhold payment of any amounts for which the Alliance, in good faith, disputes or contests, including reducing such payment amounts by a recoupment consistent with the above terms. In the event of a good faith dispute pursuant to which the Alliance believes it is entitled to withhold or recoup payments, the Alliance may withhold payment of the disputed amount provided that, within thirty (30) calendar days following the Alliance's receipt of the progress or final report which initiates the interim or final payment and which the Alliance in good faith deems to be in dispute, the Alliance shall notify Partner in writing with a detailed explanation stating the factual basis for the Alliance's withholding or recoupment of payment. To contest such withheld amounts, Partner must, within ten (10) calendar days following receipt of the Alliance's notice of disputed amounts, respond to the Alliance in writing with a detailed explanation stating the

factual basis, if any, for Partner, in good faith, demanding payment on any amount in dispute. Parties shall negotiate in good faith to resolve the dispute before pursuing other available legal remedies.

9. Permissible Use of Funds. Award funds may only be used for the purpose of paying expenses that are actually incurred by Partner in carrying out the SOW and Project Plan during the 39-month period for which the Award has been provided, or during such other period of time as the Alliance may explicitly agree to in this Agreement or the final approved Project Plan. Expenses that may be funded by Alliance Housing Fund funds are those described in the final approved Project Plan. Partner is responsible for ensuring that actual expenditures are for eligible Project costs.
 - a. Funds may be used for capital expenditures only, which can include equipment and furnishings that are necessary for the delivery of care or equipment essential to the operation of the facility. However, funds cannot be used for the following purposes, and any amounts budgeted for such unapproved uses will be deducted from payment amounts awarded hereunder:
 - i. The Award cannot be used for rental subsidies, operating costs, or services.
 - ii. No part of the Award may be used to fund administrative services or other operating expenses of the Partner, regardless of whether such administrative services or other operating expenses would be utilized to support the completion of the Project.
 - iii. No part of the Award may be used to fund expenses related to religious activities, lobbying, or political action by the Partner.
 - iv. Unless specifically provided for in the terms of the approved Project Plan or this Agreement, in the event that the Award provides funding for a project that was already in progress on the Effective Date, no part of the Award may be used to fund costs accrued for activities completed or costs incurred prior to the Construction Start Date.
 - v. Partner may not use Award funds to cover expenditures that have already been funded through other sources.
 - vi. All Project-related costs are site-specific, and must relate to, occur, or be used at the single proposed site that is contained in the Agreement.
10. Reporting. Partner shall provide the Alliance with one progress report due upon completion of each Milestone phase as indicated in the Payment Schedule set forth in the SOW, and such other documentation as may be required under the SOW. Partner shall also provide a final report due one (1) calendar year from the Phase Two Completion Date, but in any event no later than the end of the Funding Term. Reporting templates will be provided by the Alliance and available on the Alliance's online incentives portal. Partner will submit the progress and final reports through the Alliance's online incentives portal. Failure to submit these report(s)

will be considered a material breach of this Agreement, may delay interim or final payments of the Award and may disqualify Partner from receiving future funding from the Alliance.

11. Evaluation and Monitoring. The Alliance may monitor and conduct evaluation of operations under this Agreement. This may include a visit from Alliance staff to observe the Partner's operations related to the Project and the Award, discuss the Project and program activities with the Partner's personnel, and review financial or other records and materials connected with the Project activities financed by the Award.
12. Corrective Action. While uncommon, there may be extraordinary and rare circumstances in which the Alliance deems it necessary or desirable to utilize a corrective action plan for modifying the Agreement terms to facilitate the Partner's compliance with its terms, including adjustment of Milestones, the amount of the Award, completion documentation, and/or extension of completion dates. Partner shall promptly notify the Alliance if Partner anticipates it will not timely achieve any Milestones outlined in the SOW in their entirety, along with a written explanation and any documentation supporting the reasons for Partner's delay. Circumstances within Partner's control shall not in themselves be considered sufficient justification for granting a corrective action. Partner noncompliance with modified terms under a corrective action plan shall result in termination of this Agreement consistent with Section 18, except to the extent that the Alliance elects to further modify the terms of the Agreement in accordance with the foregoing.
13. Bad Faith Recoupment. The Alliance reserves the right to request additional documentation as it deems necessary to validate Partner's use of the Award, either before or after Partner's use. If the Alliance reasonably determines that Partner is in breach of Partner's implied covenant of good faith and fair dealing by failing to take reasonable steps to achieve Milestones or deliver the deliverables, then the Alliance may, in its sole discretion, recoup, withhold, or reduce all or part of any Award payment, as applicable.
14. Compliance with Other Obligations. Partner shall comply with laws and regulations and any regulatory agreements, commitments or undertakings that are imposed on Partner as a result of its receipt of funding from other sources pursuant to Sections 17, 21, 24, and the SOW.
15. Books and Records. Partner agrees to maintain satisfactory financial accounts, documents, and records in connection with the Award and make them available to the Alliance, the State of California, the United States Department of Health and Human Services, the Comptroller General of the United States, or as otherwise required by law. Partner also agrees to retain such financial accounts, documents and records for three (3) calendar years following termination of this Agreement. Partner agrees to maintain and make available for inspection by the Alliance accurate records of all of its costs, disbursements, and receipts with respect to its activities under this Agreement.
16. Funding Promotion. Any materials used to advertise, announce, or otherwise inform the public of the receipt of the funding provided for hereunder shall describe the funding and the work funded by the Alliance accurately, and in a way that conforms to the purpose statement in the SOW. Any such materials that mention or include information about the Alliance shall refer to the health plan as "Central California Alliance for Health (the Alliance)" on first usage and

“the Alliance” thereafter. Any published list of funders who have supported activities related to this funding must include the Alliance. Funded organization must inform the public about the Alliance’s funding through the use of signage, acknowledgement in published materials, news media, social media, websites, or other public announcements, as applicable. All materials produced in accordance with this Agreement (including but not limited to training curriculum, agendas, newsletters, flyers, brochures, reports, and videos, etc.) shall contain a statement that the material is funded through the Alliance. Funded organizations who receive funding for the purpose of constructing or renovating a building must memorialize Alliance financial support with a plaque. Funded organizations must refer to the Alliance’s Promotion Toolkit for Funded Partners¹ for instruction on the required promotional verbiage, use of Alliance name and Alliance logo in promotional activities. If a funded organization wishes to execute promotional activities or communication not included in the toolkit, the funded organization must obtain written approval of communication materials promoting Alliance funding prior to engaging in these efforts or activities.

17. Legal Compliance.

- a. Applicable Law. Partner shall perform its obligations under this Agreement at all times in strict accordance with all applicable federal, state, and local laws, including, but not limited to, Prevailing Wage Laws, equal opportunity laws, disability rights legislation, general procurement standards, contract work hours and safety standards, ordinances, regulations, HIPAA, and DHCS guidelines. Additionally, this is a publicly-funded Project and is subject to all state and local laws and regulations for public works, including, without limitation, California Labor Code Section 1720, et seq. and Public Contract Code § 1100 et seq. (“Prevailing Wage Laws”). Partner understands that such laws and regulations include exemptions that may apply to the Project, but Partner will assume responsibility for and indemnify the Alliance relating to such laws as such may be applicable to the Project.
- b. Disallowed Funds. With respect to Award funds, if any, which are ultimately provided by the State or Federal government, Partner agrees that if Partner claims or receives payment from the Alliance for an eligible expense, payment, or reimbursement of which is later disallowed by the State or Federal government, Partner shall promptly refund the disallowed amount to the Alliance upon the Alliance’s request. At its option, the Alliance may offset all or any portion of the disallowed amount against any other payment due to Partner hereunder or under any other agreement. Any such offset with respect to a portion of the disallowed amount shall not release Partner from Partner's obligation hereunder to refund the remainder of the disallowed amount.

18. Term and Termination.

- a. This Agreement shall be effective on the Effective Date and shall automatically expire thirty-nine (39) months after the Effective Date unless earlier terminated by the parties as permitted herein (“Funding Term”). This Funding Term accounts for the activity period to

¹ <https://brandfolder.com/alliance/funded-partners-brand-toolkit>

perform the Project activities and an additional three months for reporting and payment after completion of all Project Milestones as set forth in the SOW.

- b. The Alliance may terminate this Agreement for cause at any time upon written notice to Partner. Cause includes but is not limited to the following: (i) Partner fails to comply with the terms of this Agreement, including any failure to timely complete the Milestones or failure to satisfy the conditions precedent to disbursement of Award funds; (ii) Partner is unable to or is reasonably anticipated to be unable to complete the Project as set forth in the SOW; (iii) Unless otherwise agreed upon as set forth in this Agreement, Partner ceases its plans to utilize or discontinues its utilization of the facility to serve Medi-Cal eligible recipients, prior to reaching assigned capacity, or otherwise materially curtails operations necessary for completion of the Project; (iv) the Alliance determines that any material fact or representation made or furnished to the Alliance by Partner in connection with its application or Letter of Intent was untrue or misleading at the time that such fact or representation was made known to the Alliance, or subsequently becomes untrue or misleading; or (v) the Alliance discovers that Partner has concealed any material fact from the Alliance related to the Letter of Intent, this Agreement, or the Project.
 - c. The Alliance may terminate this Agreement or cease providing payments hereunder in the event that the Alliance determines, in its sole discretion: (i) that further payments as set forth in this Agreement could violate laws or regulations, including laws or regulations in existence on the Effective Date that may have been clarified or subject to new or changed interpretation, or (ii) in the event of a natural disaster or other event that causes the Alliance to be unable to fulfill its commitment hereunder.
 - d. This Agreement and the Alliance's obligation to make further payment hereunder shall terminate immediately in the event that Partner ceases operations or in the event of Partner's insolvency, which insolvency shall be considered to have occurred when Partner makes an assignment for the benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, if a receiver or trustee is appointed with respect to a substantial part of such other party's property, or a proceeding is commenced against it which will substantially impair Partner's ability to complete the Project described in the SOW. The Alliance reserves the maximum rights it is entitled to under any law and under the terms of this Agreement to seek return of any payments made prior to Partner's cessation of operations or insolvency, and to ensure that no funds provided pursuant to this Agreement, no matter when they were provided, shall be used for the purpose of paying Partner's general creditors or for any purpose other than as specifically set forth in the SOW.
19. Effect of Termination. In the event of termination, this Agreement shall terminate and have no further force or effect with respect to either party as of the termination date, except that all obligations arising or accruing prior to termination, including requirements regarding the use or return of Award funds, shall be performed in accordance with the terms of this Agreement and shall survive termination. Termination or expiration of this Agreement shall not affect Partner's obligations under Sections 6-8 and Sections 13-43 of this Agreement, Useful Life obligations in the SOW, or any other obligation that, by its nature, is intended to survive

termination or expiration of this Agreement. Upon any termination by the Alliance for cause, Partner shall return any unexpended Award funds to the Alliance within thirty (30) calendar days of the Alliance's written notice of termination, unless the Alliance has approved an alternate arrangement in advance and in writing, as provided below. Such termination will not limit any other remedies that may be available to the Alliance under this Agreement, at law, or in equity.

20. Remedies.

- a. In the event that Partner is unable to provide documentation evidencing that Partner utilized Award funds for the sole purpose of completing the Project in accordance with the SOW, Partner shall return such portions of the Award funds to the Alliance for which Partner is unable to provide supporting documentation within thirty (30) business days of the Alliance's request.
- b. In the event Partner fails to timely complete the Project Milestones set forth in the SOW, the Alliance may require Partner to return any Award funds that Partner has already received under this Agreement, even if such funds were properly used. Partner's specific obligation to return funds is further set forth in the SOW.
- c. In addition to any other provision of this Agreement, if the Alliance determines, in its sole discretion, that Partner has violated or failed to carry out any provision of this Agreement, including but not limited to failure to provide documentation provided for in Section 6 and Section 10 of this Agreement and the SOW, the Alliance may, in addition to any other legal remedies it may have, refuse to make any further Award payments to Partner or on Partner's behalf under this or any other grant agreement, and may demand the return of all or part of the Award funds previously received by Partner or any third-parties on Partner's behalf, which Partner shall immediately pay to the Alliance. The Alliance may also avail itself of any other remedies available under the law.

21. Other Capital Implementation Terms and Conditions; Return of Funds. Partner agrees that its receipt of funds is conditioned on meeting the applicable requirements of this Section 21. To the extent that the requirements in this Section 21 are applicable to the Project funded under this Agreement, if Partner fails to meet any of these Section 21 requirements, the Alliance may withhold payment hereunder and may, in its sole discretion, exercise any available legal or equitable rights applicable to Partner's return of Award funds received by Partner hereunder. Partner shall provide the Alliance with such documentation as the Alliance may request from time to time during the Funding Term that demonstrates to the satisfaction of the Alliance that Partner has satisfied and will satisfy all the applicable requirements set forth in this Section 21.

- a. Additional Financial Commitments. Partner represents that the Award Amount received hereunder represents no more than 50% of total Project costs, and that the remaining 50% of funding necessary to complete the implementation of the Project will come from sources other than the Alliance, such as through third-party donations, in-kind products and/or

services, cash or documented loans or lines of credit, and/or other state, local, or grant funding.

- b. Proof of Ownership, Lease Agreement, or Intent to Purchase. Partner warrants and represents that it has secured long-term rights to use the site-specific facility described in the SOW for which the Maximum Award was determined, and provided the Alliance with proof of such rights by all of the following means:
 - i. Partner or a third-party over which Partner has authority to ensure performance has secured a three-year lease agreement (“Initial Lease”) for the property on which the Project will be located with provisions that enable the lessee to complete the Project in a timely manner and in accordance with all the requirements of this Agreement, and Partner has provided a copy of the Initial Lease to the Alliance; and
 - ii. Where the Initial Lease and/or any subsequent lease governing the Project’s location is in the name of an entity other than Partner, Partner has executed agreements with such entity that clearly demonstrate Partner has sufficient authority and control over such entity and/or Project property to ensure that the Project shall be completed and operated in conformance with all the terms of this Agreement, and Partner has provided a copy of such agreements to the Alliance;

Partner warrants and represents that during the Term of this Agreement and for the Project’s Useful Life, as defined below, Partner shall exercise all rights available to Partner under the Initial Lease and/or its agreements with any applicable third-parties to ensure Partner continues to own, place, and operate the Project in compliance with this Agreement for the Useful Life.

- c. Useful Life. Partner represents that the completed Project facility will serve Medi-Cal eligible individuals as set forth in this Agreement, including meeting the Minimum Medi-Cal Occupancy requirements defined in the SOW, for an aggregate period of not less than ten (10) years following the Phase Two Completion Date (“Useful Life”).

Should the Partner lose site control over the property on which the Project units are placed during any period following the Project Completion Date, the Useful Life period shall be tolled for no more than ninety (90) days (“Tolling Period”) to allow Partner to find and relocate the units on an alternative property. Partner shall have no more than one (1) Tolling Period for every two (2) consecutive years during the Useful Life. Should Partner fail to maintain site control over the property on which the Project units are then-placed for a consecutive period of more than ninety (90) days and/or more than once during a two (2) year period prior to the expiration of the Useful Life, Partner shall pay to the Alliance the appropriate recoupment amount set forth in this Section 21(c) below; in such an event, the period in which the Minimum Medi-Cal Occupancy standard has been maintained shall be calculated as the time between the Project Completion Date and the then-current date, less any Tolling Period. For the avoidance of doubt, Tolling Periods shall only apply to any loss of site control over the Project property by Partner and shall be in lieu of, and not cumulative with, any ninety (90) calendar day negotiation period available for the same

event. Notwithstanding the foregoing, the Alliance and Partner may from time to time mutually agree by written communication to modify the permitted length and/or permitted frequency of any Tolling Periods as they may deem necessary without the necessity of a mutually executed written amendment.

Partner shall give written notice to the Alliance upon discovery of any material failure to maintain the Minimum Medi-Cal Occupancy standard during the Useful Life, including any loss of site control over the then-current location of the Project units. Partner shall include in such notice: (i) details regarding any event or deficiency giving rise to Partner's inability to maintain Minimum Medi-Cal Occupancy; (ii) if curable, what actions Partner intends to take to cure Partner's noncompliance with Minimum Medi-Cal Occupancy requirements, and (iii) as applicable, the date by which Partner intends to complete such actions and cure the noncompliance.

If the facility ceases to service Medi-Cal eligible individuals in accordance with this Agreement prior to the end of the Useful Life, Partner shall provide the Alliance with at least ninety (90) days advance notice prior to the date upon which the facility ceases to service Medi-Cal eligible individuals. In the event that the Partner ceases using the facility to serve Medi-Cal eligible individuals as required under this Agreement or reduces the availability of units for Medi-Cal eligible individuals below the required Minimum Medi-Cal Occupancy, Partner shall pay to the Alliance a prorated portion of the Award amount, as follows:

- i. Less than Three Years. If Partner maintains the Minimum Medi-Cal Occupancy standard for less than three years after receipt of the final payment, Partner shall pay the Alliance an amount equal to 80% of the Award amount.
- ii. Less than Five Years. If Partner maintains the Minimum Medi-Cal Occupancy standard for three or more but less than five years after receipt of the final payment, Partner shall pay the Alliance an amount equal to 50% of the Award amount.
- iii. Less than Seven Years. If Partner maintains the Minimum Medi-Cal Occupancy standard for five or more but less than seven years after receipt of the final payment, Partner shall pay the Alliance an amount equal to 20% of the Award amount.
- iv. Less than Ten Years. Partner maintains the Minimum Medi-Cal Occupancy standard for seven or more but less than ten years after receipt of the final payment, Partner shall pay the Alliance an amount equal to 10% of the Award amount.
- v. Waiver of Repayment Obligation. In the event that Partner fails to maintain the Minimum Medi-Cal Occupancy standard or fails to continue using the facility for the benefit of Medi-Cal eligible individuals during the Useful Life, the Alliance may waive all or some of Partner's repayment obligation if the Alliance determines, in its sole discretion, that such failure is attributable to circumstances that are beyond Partner's control.

- vi. Serving Medi-Cal Eligible Individuals at a Different Facility. The Alliance may waive Partner's repayment obligation if Partner ceases to occupy the facility but continues to make the same number of Minimum Medi-Cal Occupancy units available to Medi-Cal eligible individuals without interruption at a different facility that has at least the capacity as the facility for which Partner has received an Award hereunder, and that is within the service area of the Alliance (i.e., the Counties of Mariposa, Merced, Monterey, San Benito, and Santa Cruz).
- vii. Operation of Facility by Third Party. If Partner sells the facility or leases or subleases the facility to a third party or enters into any transaction through which Partner no longer owns or leases or has responsibility for and control of the operation of the facility as contemplated herein, Partner shall pay to the Alliance the applicable prorated amounts set forth in this Section 21 unless such third party agrees in writing to, and is deemed by the Alliance, in its sole discretion to be qualified to continue serving Medi-Cal eligible individuals at Minimum Medi-Cal Occupancy levels under the same terms and conditions that Partner has agreed to as set forth herein. Partner shall provide the Alliance with at least ninety (90) days' advance notice of a transaction described herein.
- d. Useful Life Extenuating Circumstances. Partner represents and warrants that, based on its reasonable best efforts estimates as of the Effective Date, Partner has secured sufficient enforceable funding commitments to perform its obligations as set forth in this Agreement and SOW. The Alliance understands, however, that such funds may later prove to be insufficient to cover the Project's Useful Life operational costs due to future circumstances beyond Partner's control, such as costs related to natural disasters and/or government-declared emergencies, State and Federal budget cuts which reduce the availability of Medi-Cal reimbursements for the Project's onsite medical and/or social supportive services, and changes in applicable laws, regulations, or other governmental restrictions.

Should Partner fail to meet the Minimum Medi-Cal Occupancy standard during the Useful Life due to future circumstances beyond Partner's control, the Alliance agrees that prior to exercising its recoupment rights for such noncompliance, the Alliance will first attempt to negotiate with Partner in good faith for a period not to exceed ninety (90) calendar days (which the Alliance may extend in its sole discretion), with a view toward finding an alternative solution that supports the Project's purpose under this Agreement, provided that:

- i. The Alliance determines that Partner's failure to maintain the Useful Life requirement was the direct result of circumstances beyond Partner's control and despite Partner's continual best efforts to fulfill the Minimum Medi-Cal Occupancy requirement;
- ii. Partner demonstrates to the Alliance's satisfaction that Partner has made best efforts to leverage local, state, federal, and philanthropic funding to prevent and fill any funding gaps preventing Partner from meeting the Minimum Medi-Cal Occupancy standard, and that such best efforts were ultimately unsuccessful;

- iii. Partner must cure the Minimum Medi-Cal Occupancy deficiency within the ninety (90) calendar day negotiation period unless otherwise agreed upon in writing by the parties during such ninety (90) calendar day period;
- iv. The ten-year Useful Life period is extended by at least the same period of time Partner requires to cure such noncompliance with the Minimum Medi-Cal Occupancy standard.

In the event that the parties agree to an alternative solution during the ninety (90) calendar day negotiation period, the parties shall promptly modify the terms of this Agreement accordingly.

Notwithstanding anything to the contrary, the Alliance may waive any noncompliance with the Minimum Medi-Cal Occupancy requirements in the Alliance's sole and absolute discretion if the Alliance deems that it is in the public interest and advances the Alliance's mission.

- 22. Notices. All notices required or permitted by this Agreement shall be in writing and may be delivered in person or may be sent by registered or certified mail, return receipt requested, or U.S. Postal Service Express Mail, with postage prepaid, or by Federal Express or other overnight courier that guarantees next day delivery. Unless otherwise stated in the SOW, notices shall be sent to the address of the receiving party's principal place of business. Either party may change the address for notice by giving written notice to the other party. Changes to either party's notice address or Liaison shall not require an amendment to this Agreement.
- 23. Taxes. Partner shall pay to the appropriate governmental authority, as and when due, any and all taxes, fees, assessments or other governmental charges, including possessory interest taxes and California sales and use taxes, levied upon or in connection with this Agreement, the Project, the Award, or any of the activities contemplated by this Agreement.
- 24. Compliance with Services Agreement. If Partner is a party to any other agreement(s) with the Alliance, Partner shall comply with all of the requirements in such agreement(s), including any nondiscrimination provisions.
- 25. Use of Subcontractors. As between Alliance and Partner, Partner shall be responsible for the acts, defaults and omissions of any subcontractor or its agents or employees as fully as if they were the acts, defaults or omissions of Partner. Partner shall ensure that its subcontractors comply with all of the terms of this Agreement, insofar as they apply to the subcontracted portion of the Project. All references herein to duties and obligations of Partner shall be deemed to pertain also to all subcontractors to the extent applicable. A breach by any subcontractor shall be deemed to be a breach hereunder. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and Alliance. Each subcontract shall incorporate all of the terms of this Agreement to the extent they apply to the subcontracted portion of the Project. Without limiting the scope of the foregoing, Partner shall ensure that each subcontract shall provide the Alliance, the audit and inspection rights set forth herein.

Upon the request of Alliance, Partner shall promptly furnish to the Alliance true and correct copies of each subcontract permitted hereunder.

26. Liability of Alliance. THE ALLIANCE'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE AWARD. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL THE ALLIANCE BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE PROJECT PERFORMED IN CONNECTION WITH THIS AGREEMENT.
27. Indemnification. Partner, at its own expense, agrees to defend, indemnify, and hold harmless the Alliance and the Alliance's affiliates, subsidiaries, directors, officers, employees, representatives, and agents from and against any and all liabilities, losses, costs, expenses (including, without limitation, attorneys' fees), damages, claims, suits, and/or demands (including, without limitation, those based on the injury to or death of any person or damage to property), directly or indirectly arising out of, or resulting from, (i) any act or omission of Partner related to any of its obligations performed hereunder, (ii) any breach of Partner's representations or warranties set forth in this Agreement, and/or (iii) any actual or alleged infringement, misappropriation, or other violation of any third-party rights or any laws or regulations relating to Partner's performance of its obligations under this Agreement.
28. Debarment and Suspension Certification. Partner hereby certifies that neither it nor any of its principals, owners, employees or subcontractors (a) is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in a covered transaction by any federal department or agency, or is excluded as the result of state or federal action from participation in any federally-funded health care program; (b) has within a three-year period preceding this Agreement been convicted of or had a civil judgment rendered against it or them for (i) commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction, (ii) violation of federal or state antitrust statutes or (iii) commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; (c) is presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in clause (b) above; or (d) has within a three-year period preceding this Agreement had one or more public transaction (federal, state or local) terminated for cause or default. (The terms "covered transaction", "debarred", "suspended", "ineligible" and "voluntarily excluded" have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549.) Partner shall provide immediate written notice to the Alliance if at any time the foregoing certification becomes erroneous. Upon the request of the Alliance at any time during the term of this Agreement, Partner shall update and reissue such certification. Partner further agrees that it will obtain from all subcontractors to whom Partner subcontracts any portion of the Services, if any, such subcontractor's written certification of, and agreement to, the matters set forth in this paragraph, in a form acceptable to the Alliance.

29. Insurance. At all times during the Term and for such period of time thereafter as required for Partner to maintain Insurance Coverage with respect to all of the Services performed hereunder and all of Partner's (and its employees') acts and omissions in connection with this Agreement, Partner shall maintain in full force and effect the following types of insurance to insure against risks or liability (collectively, "Insurance Coverage"):

- a. Commercial General Liability Insurance, including premises liability, products liability (if products are being provided), completed operations coverage, and contractual liability, with minimum limits of \$1,000,000 per occurrence, \$2,000,000 policy aggregate, including bodily injury (including death) and property damage, covering all of Partner's operations under this Agreement (which insurance shall be provided on an "occurrence" form).
- b. Commercial Automobile Liability Insurance, with minimum limits of \$1,000,000 per occurrence, combined single limit, for bodily injury (including death) and property damage, covering all owned, non-owned and hired automobiles.
- c. Workers' Compensation, with minimum limits as required by law, and Employer's Liability insurance (if applicable) with the following minimum limits: (1) Bodily Injury by accident: \$1,000,000 each accident; (2) Bodily Injury by disease: \$1,000,000 each employee; and (3) Bodily Injury by disease: \$1,000,000 policy limit.

If, in any of the foregoing cases, Partner has procured a claims-made based policy (or policies) and such policy (or policies) are cancelled or not renewed, Partner agrees to exercise any option contained in said policy (or policies), or otherwise obtain tail coverage, that extends the reporting period for a period of at least four (4) years after the termination or expiration of this Agreement.

None of the foregoing requirements as to the type and limits of insurance to be maintained by Partner are intended to and should not be construed as limiting in any manner Partner's obligations under this Agreement.

Each of Partner's insurance policies shall: (i) be issued by companies that have an A. M. Best rating of not less than "A-", and are in a size category which is not lower than "VIII"; (ii) be primary and noncontributory with any of the Alliance's insurance; (iii) add the Alliance as an additional insured (except workers compensation and errors and omissions coverages); and (iv) not be cancelled or non-renewed except upon at least thirty (30) days' prior written notice to the Alliance. Upon or prior to the full execution of this Agreement, and upon expiration or renewal of any required certificate or endorsement, Partner shall provide to the Alliance certificates evidencing all insurance and endorsements required by this Section 29. Certificates and endorsements shall be submitted electronically to: COI@ccah-alliance.org. Notwithstanding anything else, if Partner fails to so provide the Alliance with any such certificates, the Alliance may withhold payment of any amounts that are otherwise due to Partner until up to thirty (30) calendar days after such certificates are provided to the Alliance, and/or terminate this Agreement immediately upon notice.

30. Conflict of Interest. Partner hereby certifies that it has read and is aware of the provisions of California Government Code Section 1090 et seq., the California Political Reform Act

(California Government Code Section 81000 et seq.), and Title 22 California Code of Regulations (CCR) Section 53600 relating to conflict of interest of public officers and employees. Partner agrees that it is unaware of any financial or economic interest of any public officer or employee of the Alliance relating to this Agreement. Notwithstanding any other provision of this Agreement, it is further understood and agreed that if such financial interest does exist at the inception of this Agreement, the Alliance may immediately terminate this Agreement by giving written notice thereof.

31. Equitable Remedies. Partner acknowledges and agrees that the Alliance may suffer immediate, irreparable harm in the event Partner fails to comply with its obligations under this Agreement, and monetary damages may be inadequate to compensate the Alliance for such breach. Partner agrees that the Alliance will be entitled to seek a judicial temporary restraining order, preliminary injunction, or other equitable relief against Partner (without the requirement of posting a bond or other form of security) to enforce the terms of this Agreement.
32. Arbitration. Any controversy, dispute or claim of whatever nature and irrespective of the facts or circumstances or the legal theories advanced shall be resolved by binding arbitration at the request of either Party. A single neutral arbitrator shall be appointed. The arbitration shall be administered by JAMS and in accordance with the JAMS Comprehensive Arbitration Rules and Procedures. Such arbitration shall occur in Santa Cruz, California. The arbitrator shall apply California substantive law and federal substantive law where state law is preempted. The Federal Arbitration Act, 9 U.S.C. § 1-16, shall also apply. The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the legal reasons on which the award is based. The arbitrator may award compensatory damages as permitted by law, but exemplary or punitive damages shall not be awarded. The Parties shall divide equally the cost of the arbitration, including, but not limited to the arbitrator's fee and any related administrative fees and charges. The Parties shall each bear their respective attorneys' fees and costs incurred in the arbitration. The arbitration and any information obtained in connection with this Agreement or through discovery as set forth in this Section 32 shall be confidential and neither the Parties nor the arbitrator may disclose such information to third parties without the written consent of the Parties, except that the Parties may disclose such information as necessary to seek confirmation of the arbitration award, to enforce any judgment entered on account of the award or as otherwise is required by law; however, the Parties may make such disclosure as is necessary to their respective auditors, accountants, attorneys and insurers.
33. Independent Partners. The parties hereto are independent contractors and neither the Alliance nor Partner is an agent or employee of the other.
34. Taxpayer Identification Number and Certification. Upon execution of this Agreement, Partner shall complete and deliver to the Alliance the IRS Form W-9, Request for Taxpayer Identification and Certification.
35. Time is of the Essence. Time is of the essence with respect to Partner's performance of the Services and delivery of the Deliverables. FAILURE TO SATISFY ANY ONE OF THE PERFORMANCE MILESTONES WILL CONSTITUTE A BREACH OF THIS AGREEMENT AND ENTITLES THE ALLIANCE TO MANDATE THE PARTNER TO RETURN TO THE ALLIANCE ANY AWARD FUNDS DISBURSED; IN ANY SUCH

INSTANCE, THE ALLIANCE MAY ALSO CANCEL THIS AGREEMENT WITHOUT OWING ANY DAMAGES OR OTHER PAYMENT TO PARTNER.

36. Governing Law. This Agreement shall be governed and interpreted in accordance with the laws of the State of California without regard to the conflicts of law provisions thereof that would require the application of the laws of any other state.
37. Severability. Except as explicitly stated otherwise in this Agreement, if any provision of this Agreement or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable.
38. Waiver. No terms or provision hereof will be considered waived by either party, and no breach excused by either party, unless such waiver or consent is in writing and signed by the waiving party. No consent by either party to, or waiver of, a breach by either party, whether expressed or implied, will constitute consent to, waiver of, or excuse of any other, different, or subsequent breach by either party.
39. Assignment. This Agreement shall not be assigned by the Partner either in whole or in part, unless otherwise agreed upon in writing.
40. Successors; No Third-Party Beneficiaries. The terms of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors and assigns. Nothing in this Agreement, whether express or implied, shall be construed to give any person or entity any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein.
41. Order of Precedence. In the event of any express and unequivocal conflict or inconsistency between the provisions of any SOW and the provisions of this Agreement, the provisions of this Agreement will govern and control.
42. Entire Agreement. This Agreement shall supersede any prior oral or written understandings or communications between the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be amended or modified, except in writing signed by both parties.
43. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original, and all of which taken together constitute one and the same instrument. Telecopied or scanned signatures will be deemed to have the same effect as an original.
44. Guaranty. Partner hereby guarantees to the Alliance, for the benefit of Partner, the due and proper performance of this Agreement and all obligations, liabilities, and covenants of Partner set forth in this Agreement, including Useful Life obligations, and any modification or addition to this Agreement. Partner hereby waives any defenses to enforcement of the Alliance's guarantee rights it may now or later have by reason of (a) any determination that this Agreement or any portion thereof is invalid or unenforceability; (b) any change in the time,


place, or manner of the performance of this Agreement or Project; (c) any failure of the Alliance to enforce any of the provisions of the Agreement; (d) any change or restructuring of the corporate structure, ownership or existence of Partner; (e) any bankruptcy, insolvency, liquidation, reorganization, or dissolution of affecting the Partner or its assets or any resulting restructuring, release or discharge of this Agreement or any of Partner's obligations hereunder; or (e) any other circumstance (including, without limitation, any statute of limitations), act, omission or manner of administering this Agreement or any existence of or reliance on any representation by the Alliance or Partner.

The parties are concurrently executing this Agreement, and the SOW attached as Exhibit 1 and fully incorporated herein, both effective upon final signature ("Effective Date").

[signatures appear on following page]

Partner:

County of Monterey

By: 
DECEFF819B75E478
Print Name: Deborah Paolinelli
Title: Assistant County Administrative Officer
Date Signed: 9/29/2025 | 9:36 AM PDT

Alliance:

Santa Cruz-Monterey-Merced-San
Benito-Mariposa Managed Medical
Care Commission, operating as Central
California Alliance for Health

By: Michael Schrader
Michael Schrader
Print Name: Michael Schrader
Title: CEO
Date Signed: 09/30/2025 | 9:58 AM PDT

EXHIBIT 1
STATEMENT OF WORK
ALLIANCE HOUSING FUND AWARD

This Statement of Work (“SOW”) is entered into pursuant to, and is governed by, that certain Letter of Agreement (“Agreement”) concurrently executed between Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission, operating as Central California Alliance for Health (the “Alliance”), having a principal place of business at 1600 Green Hills Road, Suite 101, Scotts Valley, CA 95066-4981, and County of Monterey (“Partner”), having a principal place of business at 168 West Alisal Street, Salinas, CA 93901.

This SOW is fully incorporated into the Agreement and sets forth additional terms and conditions that apply to Partner’s receipt of the Alliance Housing Fund Award described below. Any individual reference to the “Agreement” or “SOW” shall be deemed to include the terms of both the Agreement and SOW.

Project:	Recurso de Fuerza Low Barrier Navigation Center (“Project”)
Award Letter Date:	September 17, 2025
Partner Name:	County of Monterey
Partner’s Liaison:	Roxanne Wilson
Award:	The actual amount of the Alliance Housing Fund funds awarded to Partner shall be determined commensurate with Partner’s achievement of the Project Milestones below and contingent upon Partner’s compliance with the terms of the Agreement in which this SOW is incorporated (“Award”).
Maximum Award:	The Award amount shall not exceed \$1,228,961.00 (“Maximum Award”)
Purpose of Project:	To support the Project as described in this Agreement and the revised Letter of Intent dated September 17, 2025, that is or will be located at 118 1st Street, Watsonville, CA 95076, and to provide services to Medi-Cal eligible individuals currently experiencing homelessness.
Minimum Medi-Cal Eligible Individuals Preference Threshold Requirement:	Partner must restrict occupancy for at least 80% of the Project’s total units (27 of 34 units) to Medi-Cal eligible individuals (“Minimum Medi-Cal Occupancy”).

A. PAYMENT PRECONDITIONS: The Alliance will not disburse any Award payments until this Agreement, including this SOW, has been fully executed and the Alliance has approved a Project Plan, as described below, and all required supporting documents. The Partner shall

append applicable supporting documents to the Project Plan, all in form and substance acceptable to the Alliance. To ensure Project feasibility and financial sustainability, Partner must fulfill the payment preconditions below and provide documentation for review in accordance with the terms of this Agreement and SOW before receiving any Award funds. All other funds necessary to complete the full Project costs, including any pre-development, development, and post-development activities described in this Agreement and SOW must be committed as a condition precedent to receiving Award funds. It is mutually agreed that if the Partner does not appropriate sufficient funds to cover the full Project costs, the Alliance may immediately terminate the Agreement, and the Alliance shall have no liability to pay any Award funds whatsoever or to furnish any other considerations to Partner. Such termination will not limit any other remedies that may be available to the Alliance under this Agreement, at law, or in equity.

1. **Project-Specific Contingencies:** None
2. **Funding Sources:** Partner will satisfy its obligation to cover the costs of the Project's development, operations, and services as set forth in this Agreement by leveraging funding commitments, or other reasonable funding assurances, from other funding sources. Partner agrees that the Award is contingent upon Partner securing funding from such sources to cover the total cost of completing the Project and fulfilling Partner's obligations under the Agreement, including the Useful Life requirement. The Alliance's obligation to make any disbursements of Award funds to Partner is subject at all times to Partner's ongoing demonstration of its ability to cover the costs of the Project. Partner must list all funding sources below (both private and public) with each funding source's full legal name, the funding dollar amount(s), and timing of funding availability. Partner represents that Partner has secured funding for the Project as follows:
 - a. Non-Alliance funding sources secured by Partner:
 1. Encampment Resolution Funding - \$5,034,591.00 (Construction & Site Development Only)
 2. Encampment Resolution Funding - \$2,571,460.00 (Services and Operations Only)
 - i. Other financial support: None

Partner must fulfill the above payment preconditions and provide documentation for review in accordance with the terms in this Agreement and Section B and C of this SOW to ensure project feasibility and financial sustainability. All funds necessary to complete the full Project costs, including the development and post-development activities described in the Agreement and this SOW, must be timely committed as set forth in this Agreement. It is mutually agreed that if the Partner does not appropriate sufficient funds to cover the full Project costs, the Alliance may immediately terminate the Agreement, and the Alliance shall have no liability to pay any Award funds whatsoever or to furnish any other considerations to Partner. Such termination will not limit any other remedies that may be available to the Alliance under this Agreement, at law, or in equity.

B. PROJECT PLAN: For purposes of this Agreement, “Project Plan” shall mean a clear, precise, and detailed implementation schedule with an itemized budget for the Project, including a description of the work to be performed under each Milestone, corresponding completion dates, and corresponding costs. The Project Plan must include all uses of funds (ex., acquisition costs, site preparation and infrastructure costs, rehabilitation/or construction costs, financing costs, professional fees, developer fees, and other soft costs) associated with the Project. Partner shall prepare and submit a proposed Project Plan to the Alliance for approval in accordance with the Phase 1 Milestones below. The Project Plan must include documentation in a form satisfactory to the Alliance evidencing the firm commitments of the Funding Sources listed above with all applicable terms and conditions. Examples of satisfactory forms of documentation include:

- a. Final loan approval letters;
- b. Bank statement demonstrating reserves earmarked for the Project;
- c. Tax credit award letters;
- d. Binding Grant award letters;
- e. If the applicant is a partnership or limited liability corporation, a copy of the partnership agreement or operating agreement, which will indicate the cash contributions by the partner(s) or member(s);
- f. If equity is committed by the developer or owner(s), evidence of available equity funds; and
- g. Board resolution documenting committed funding

The Alliance shall have ten (10) business days to review and, in its discretion, approve or raise objections to the proposed Project Plan. If the Alliance raises any such objections, Partner shall have three (3) business days to revise and resubmit a proposed Project Plan. The Alliance shall have no obligation to disburse any Award funds unless and until Partner submits a Project Plan acceptable to the Alliance. Upon acceptance, the Project Plan shall automatically become incorporated into and form an essential part of this Agreement, and the Award shall be conditioned upon Partner’s adherence to the deliverables schedule under the approved Project Plan.

Partner must promptly notify the Alliance of any unexpected delays and challenges that are likely to have a material adverse impact on Partner’s ability to complete the Project in a manner consistent with the approved Project Plan, such as weather, strikes, differing site conditions, price increases in construction materials, and other events beyond Partner’s control. Partner must obtain written approval from the Alliance prior to making any material changes to the Project Plan. Minor variances in Project Plan budget line items shall not be considered material unless total Project expenditures would exceed the total budget amount or result in significant delays. Changes to the Project Plan requiring the Alliance’s prior approval will not be effective unless and until approved in writing by the Alliance. Changes approved by the Alliance will not necessitate an amendment of this Agreement.

C. PROJECT MILESTONES: In order to maintain continued eligibility to receive the Award funds hereunder, Partner must meet the following Project milestones (each, a “Milestone”):

1. Phase One.

a. Phase One Milestones:

- i. Confirm acquisition process.
- i. Obtain design plans.
- ii. Complete construction budget.
- ii. Acquire permits from the City of Watsonville to build a 34-unit non-congregate, Low Barrier Navigation Center (“Modular Units”).
 - By July 1, 2025, Partner will have received architectural plans and permits to begin construction of the Modular Units at 118 1st Street, Watsonville, CA 95076
- iii. Provide proof of signed general contractor contract.
- iv. Begin construction.
 - Construction Start Date. Partner began construction of the Project on: July 21, 2025 (“Construction Start Date”).
- b. Phase One Completion Date: Within ten (10) business days of Effective Date.
- c. Deliverables: Documentation of Phase One Milestones completion, including submission of proposed Project Plan and documentation of any applicable Payment Preconditions listed in Section A of this SOW.
- d. Deliverable Due Date: Within ten (10) business days of Effective Date.
- e. Payment Percentage: 80% of Maximum Award

2. Phase Two

a. Phase Two Milestones:

- i. Establish Prioritization Process for Medi-Cal Eligible Individuals. By November 30, 2025, Partner will establish a process for prioritizing Medi-Cal eligible individuals for placement. All prioritization systems must be at all times in strict accordance with all applicable federal, state, and local laws, including the U.S. Department of Housing and Urban Development’s Fair Housing Act.² Partner shall develop Project prioritization systems as follows:
 - Non-Permanent Supportive Housing. If all or a portion of the Project is for uses other than permanent supportive housing (e.g., recuperative care and short-term post hospitalization housing), the following shall apply to such non-permanent supportive housing units:
 - Partner shall submit a proposed process of prioritization to the Alliance at least 30 days prior to implementing such process under this Agreement. Such proposal must be delivered in writing by Partner and include a detailed narrative description of the prioritization process, how such system will prioritize placement of Medi-Cal eligible individuals to meet Minimum Medi-Cal Occupancy

² [Housing Discrimination Under the Fair Housing Act | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](https://www.hud.gov/section8/fairhousing)

- requirements, and an attestation that the placement prioritization process complies with the terms of this Agreement and Medi-Cal eligibility income requirements.
 - Should Partner include a proposed process of prioritization in Partner's Phase 1 Milestone Project Plan deliverable, such system shall be considered approved under this Agreement upon the Alliance's approval of the Project Plan.
 - ii. Complete Construction.
 - By December 31, 2025, Partner will complete the Modular Units at 118 1st Street, Watsonville, CA 95076, for the purpose of Short-Term Post-Hospitalization Housing and Recuperative Care.
 - iii. Obtain Certificate of Occupancy.
 - By December 31, 2025, all interim supportive housing units will be fully occupied, and meet Minimum Medi-Cal Occupancy.
 - iv. Establish Service Availability and Best Efforts Prioritization Outcomes.
 - By March 31, 2026, Partner will ensure that on-site case management services are available/provided and individual services plans are developed for all Medi-Cal eligible residents receiving case management services.
 - b. Phase Two Completion Date: March 31, 2026
 - c. Deliverables: Detailed documentation of Phase Two Milestones completion, including timely submission of reports and, as applicable, validated prioritization lists.
 - d. Deliverable Due Date: April 30, 2026
 - e. Payment Percentage: 10% of Maximum Award

3. Post Completion; Useful Life.

- a. Useful Life Implementation. At all times during the Useful Life (i.e., 10 years following Phase Two Completion Date), Partner shall place Medi-Cal residents as set forth in this Agreement consistent with Medi-Cal eligibility income requirements and the approved prioritization process. For this purpose, Partner agrees to provide the Alliance with an annual report which attests that Partner has maintained the Minimum Medi-Cal Occupancy requirement as set forth in this Agreement and SOW, and that Partner has continued to comply with all terms of this Agreement. Partner agrees to submit a complete and accurate report to the Alliance by March 31st of each calendar year for the Useful Life of the Project, (i.e., 10 years following Phase Two Completion Date) ("Annual Attestation"). The Annual Attestation shall be consistent with the format outlined in the Annual Attestation Template attached as Exhibit 2 to this Agreement. Partner also agrees to timely provide all information reasonably requested by the Alliance to validate Partner's Annual Attestation responses. Partner may deliver the Annual Attestation to the Alliance in the manner specified in Section 22 of the Agreement, by submission through the Alliance's online incentives portal, or by email to: pdincentives@thealliance.health with a copy to the Alliance's Liaison. If delivered by email, the Annual Attestation shall be deemed given when actually received by the Alliance. The failure of Partner to timely submit the Annual Attestation shall

be a material breach of this Agreement. This Section shall survive termination of the Agreement.

- b. Should a Medi-Cal eligible individual cease to be eligible for Medi-Cal after placement due to an increase in such individual's income or a decrease in the Medi-Cal eligibility income limits, and such change in status causes Medi-Cal eligible occupancy to fall below the Minimum Medi-Cal Occupancy, Medi-Cal eligible individuals must be given first priority for all next available units until the Minimum Medi-Cal Occupancy is reached. Partner's failure to meet the Minimum Medi-Cal Occupancy for the aforementioned reasons shall not be considered a violation of this Agreement or SOW, provided that Partner follows the foregoing procedure. This Section shall survive termination of the Agreement.
- c. In the event of Partner's nonperformance of the Useful Life obligations or other breach of Partner's obligations under this Agreement, Partner shall indemnify the Alliance against all losses, damages, costs, and expenses incurred by the Alliance as a result of such breach or nonperformance by the Partner. The Alliance may proceed directly against Partner in connection with this guarantee without being required to proceed against Partner under this Agreement or to pursue or exhaust any other rights or remedies the Alliance may have against Partner or any other party.
- d. Useful Life End Date: 10 Years from Phase Two Completion Date
- e. Deliverables: Annual attestation.
- f. Deliverable Due Date: March 31st of each calendar year during the Useful Life.

D. PROJECT DURATION: Partner shall have a period of 39 months from the Effective Date to complete all activities that were submitted for funding in the Letter of Intent approved by the Alliance on September 17, 2025, and all required reporting. Partner shall continue to house Medi-Cal eligible individuals in accordance with this Agreement for no less than the Useful Life (i.e., 10 years following Phase Two Completion Date).

E. PAYMENT SCHEDULE: Payments shall be made to Partner by the Alliance according to the schedule provided below, subject to the Alliance's receipt of all documentation reasonably required by the Alliance and Partner's compliance with all of the terms of this Agreement:

1. **Initial Payment.** The initial payment shall not exceed eighty percent (80%) of the Maximum Award amount and shall be paid within thirty (30) business days of the Alliance's actual receipt of a progress report from Partner indicating that all Phase One Milestones have been completed.
2. **Final Payment.** Final payment of twenty percent (20%) of the Maximum Award amount (or remaining balance per actual Project expenses) shall be paid within thirty (30) business days of the receipt by the Alliance of a progress report indicating that all Milestones of the Project have been completed. The progress report will include a narrative, original Project budget versus actual expenses, and verification of Project expenses incurred since the previous payment. Progress report should include documentation demonstrating that the Project is complete (e.g. certificate of occupancy).

- F. DOCUMENTATION:** Partner shall provide the Alliance with such documentation as the Alliance may request to verify Partner's progress and completion of the Project Milestones as required under this SOW. Partner will submit documentation through the Alliance's online incentives portal unless otherwise requested by the Alliance. Partner shall notify the Alliance when Partner meets the Construction Start Date and Phase Two Completion Date requirements. Partner shall further provide, within thirty (30) calendar days of the Alliance's request, such progress, financial, operational, and other reports as the Alliance may from time-to-time request, in a form and substance satisfactory to the Alliance. Failure to provide requested documentation within the required time period shall be considered a material breach of this Agreement, and the Alliance may, at its discretion, terminate this Agreement for cause and recoup payment in accordance with the terms of this Agreement, and/or withhold any portion of the Award otherwise payable under this Agreement.
- G. DISCRETION OF ALLIANCE:** If Partner fails to meet the required Construction Start Date or the required Phase Two Completion Date and/or reporting deadlines, the Alliance shall have the discretion to withhold interim or final payments hereunder, as the case may be, and may, at its sole discretion, change or adjust any of the deadlines provided for herein, including requiring such additional documentation or changes as it shall determine to be reasonable and necessary for the completion of the Project under an alternative schedule.
- H. ACTUAL COSTS:** Payments shall be made for Partner's actual costs incurred and reported in accordance with this Agreement. Under no circumstances shall payment exceed the amount of the Maximum Award.
- I. RELIGIOUS ACTIVITIES:** Partner may not engage in inherently religious activities, such as worship, religious instruction, or proselytization as part of the Project. If Partner conducts such activities, the activities must be offered separately, in time or location, from the Project or services funded under this Agreement, and participation must be voluntary for all Project participants and residents. Partner shall not use any Award funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. In addition, Partner shall not discriminate against any potential or actual Project resident or other participant on the basis of religion or religious belief. The Award may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Sanctuaries, chapels, or other rooms that Partner uses as its principal place of worship are ineligible for Award-funded construction or improvements.

[signatures appear on following page]

The parties are concurrently executing this SOW and the Agreement, both effective upon final signature (“Effective Date”).

For Partner:

County of Monterey

DocuSigned by:
Deborah Paolinelli
By: DECCE819B75E478...
Print Name: Deborah Paolinelli
Title: Assistant County Administrative Officer
Date Signed: 9/29/2025 | 9:36 AM PDT

For the Alliance:

Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission, operating as Central California Alliance for Health

Michael Schrader
By: _____
Print Name: Michael Schrader
Title: CEO
Date Signed: 09/30/2025 | 9:58 AM PDT

EXHIBIT 2

LETTER OF INTENT

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County of Monterey
ADMINISTRATIVE OFFICE
Sonia M. De La Rosa
COUNTY ADMINISTRATIVE OFFICER

168 West Alisal St. 3rd Floor
Salinas, CA 93901
831 755 5115
cao-admin@co.monterey.ca.us

September 17, 2025

Christy Puga, Senior Program Development Analyst
Central California Alliance for Health (Alliance)
1600 Green Hills Road, Suite 101
Scotts Valley, CA 95066-4981

Re: Alliance Housing Funding Application \$1,228,961

The County of Monterey Administrative Office's Homelessness Strategies and Initiatives Division respectfully submits this revised Letter of Intent (LOI) to request consideration for a Housing Fund (Funds) award in the amount of \$1,228,961 by the Central California Alliance for Health (Alliance) to provide gap funds in support of the construction of a 34-bed Low Barrier Navigation Center (LBNC) project which will provide short-term post hospitalization and recuperative care services in addition to provision of shelter, housing navigation, and supportive, wrap-around services.

This revised LOI supersedes the original LOI submitted to the Alliance on June 11, 2025, by the selected LBNC operator, Community Action Board of Santa Cruz County Inc. (CAB). The updated LOI reflects the following key revisions:

- The County of Monterey (COM) is now the designated requestor for the Funds award, as the owner of the modular units for the LBNC.
- An updated budget summary has been included.
- Details of the contract with Dignity Moves for construction and a subcontract with CAB for the LBNC FF&E (Furniture, Fixtures, and Equipment).

Project Description: The 34-bed LBNC project (Project) is a joint effort between the County of Monterey (COM) and the County of Santa Cruz (COSC), established through a Memorandum of Understanding (MOU), executed in February 2024, to humanely resolve encampments along the Pajaro River levee in anticipation of critical river levee repairs. The executed MOU between COM and COSC is attached for reference (Attachment 1).

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County of Monterey
ADMINISTRATIVE OFFICE
Sonia M. De La Rosa
COUNTY ADMINISTRATIVE OFFICER

168 West Alisal St. 3rd Floor
Salinas, CA 93901
831 755 5115
cao-admin@co.monterey.ca.us

Due to the location of the levee, its proximity to Watsonville, and distance from any services in Monterey County, the site for the LBNC was determined to be best suited in Watsonville on property owned by Westview Presbyterian Church (WPC). The LBNC will provide shelter, recuperative care, and comprehensive service for individuals transitioning out of the encampment.

Project Funding: The project is primarily funded by an Encampment Resolution Funding Program Round Two (ERF-2-R) grant awarded to COM by the California Department of Housing and Community Development (HCD) in the amount of \$8 million, supporting both construction of the 34-bed LBNC and funding up to two years of operations and service delivery. The executed ERF-2-R agreement between HCD and COM is attached for reference (Attachment 2).

Project Goals: The goal of the LBNC project is to move encampment occupants to a safe space and allow for levee repairs to begin and to provide support to connect these individuals into permanent or other supportive housing options.

Project Features: The LBNC will be constructed using HCD-certified modular units and will include:

- 28 single occupancy sleeping units
- 2 double occupancy sleeping units
- 4 ADA-compliant sleeping units
- Hygiene units (showers & restrooms), laundry, common areas, multipurpose/dining space, intake, and admin units
- Recuperative care multipurpose unit
- Outdoor amenities, a pet relief area, bike racks and storage facilities

The LBNC will implement a Housing first and trauma-informed care model, with CAB contracted as the operator via a subcontract with the Coalition of Homeless Services Providers (CHSP), Monterey and San Benito Counties Continuum of Care lead agency, utilizing ERF-2 funding provided by COM. CAB also holds a separate agreement with CHSP to utilize Homeless Housing, Assistance and Prevention (HHAP) funding for interim sheltering services for this project. The executed LBNC operations and services subcontract between CHSP and CAB is attached for reference (Attachment 3).

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Property Ownership and Lease Agreement with WPC: Upon completion of construction, the modular units will be owned by COM until June 30, 2026, when there will be a transfer of the LBNC to COSC on July 1, 2026, per the MOU between the Counties. The land where the LBNC will be constructed is owned by WPC, located at 118 First Street, Watsonville, CA and will be leased to CAB for a three-year term lease. WPC intends to renew the lease in the event there is a transfer of ownership of the modular units from the COM to the COSC. The executed Lease Agreement between CAB and WPC is attached for reference (Attachment 4).

Construction Contract with DignityMoves: COM has entered a partnership with DignityMoves, the development management agency to coordinate and manage the construction and site infrastructure for the LBNC. Through a subcontract, COM will administer the Housing Fund award toward Dignity Moves' estimated construction budget of \$6,122,666 for the construction portion of the project, which is also financially supported by COM's funding award from an Encampment Resolution Funding grant in the amount of \$5,034,591. The executed Development Management Agreement for the site development and construction of the LBNC between COM and DignityMoves is attached for reference (Attachment 5).

Operations Subcontract with CHSP/CAB: COM entered a partnership with CHSP to select and subcontract with CAB to serve as the LBNC Operator until the transfer of the LBNC to COSC. Through the CHSP subcontract with CAB, COM will administer the Housing Fund award toward FF&E expenditures for the LBNC, which is also financially supported by COM's funding award from an Encampment Resolution Funding grant in the amount of \$2,571,460. The executed Agreement for the selection of the LBNC Operator between COM and The Coalition of Homeless Services Providers is attached for reference (Attachment 6).

Updated Budget Summary: The Funds request focusing on capital and site readiness needs a total \$1,228,961 and includes partial payment toward the LBNC construction and FF&E expenditures.

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Anticipated Timeline:

Milestone	Timeline
Permitting, personnel recruitment, and contract negotiations	August 2024 to July 2025
Finalize permits and commence construction	July 2025
Construction Start Date	July 21, 2025
Delivery of Modular Units to Property Site	July to August 2025
Completion of construction of LBNC	November 2025
CAB site access and setup	November to December 2025
Ramp up to full capacity	December 2025 to March 2026
LBNC ownership transition from COM to COSC	July 1, 2026

The County of Monterey is grateful for CCAH’s continued support and partnership in addressing regional homelessness. We believe this 34-bed LBNC represents a transformative project for a vulnerable population and aligns closely with the Alliance’s mission to support the health and well-being of our communities.

We respectfully request your favorable consideration of this revised LOI.

Sincerely,

Signed by:


Roxanne Wilson
Director, Homeless Services
County of Monterey Administrative Office
Division of Homelessness Strategies and Initiatives

Attachments: MOU between COM and COSC (1)

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ERF-2-R Grant Agreement between HCD and COM (2)

Services Contract between CHSP and CAB (3)

Lease between WPC and CAB (4)

Development Management Agreement between COM and DignityMoves (5)

Contract for LBNC service provider selection between COM and CHSP (6)

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EXHIBIT 3

ANNUAL ATTESTATION TEMPLATE FOR

CENTRAL CALIFORNIA ALLIANCE FOR HEALTH HOUSING FUND

This Annual Attestation applies to Partner’s receipt of Housing Fund Award funds under the Letter of Agreement referenced below between Partner and the Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission, operating as Central California Alliance for Health, (“Alliance”), having a principal place of business at 1600 Green Hills Road, Suite 101, Scotts Valley, CA 95066-4981.

Partner must accurately complete and submit this Annual Attestation to the Alliance by March 31st of each calendar year for the Useful Life of the Project, as further set forth in the Letter of Agreement.

Partner may deliver this Annual Attestation to the Alliance Liaison by any of the following: by submission in the Alliance’s online incentives portal, in person, by registered or certified mail, return receipt requested, or U.S. Postal Service Express Mail, with postage prepaid, by Federal Express, other overnight courier that guarantees next day delivery, or by email to: pdincentives@thealliance.health. If delivered by email, the Annual Attestation shall be deemed given when confirmed actually received by the Alliance.

Project: Recursos de Fuerza, a Low Barrier Navigation Center (“Project”)

Letter of Agreement Effective Date: 09/30/2025 | 9:58 AM PDT

Partner Name: County of Monterey

Minimum Medi-Cal Eligible Individuals Preference Threshold Requirement: Partner must restrict occupancy for at least 80% of the Project’s total units (27 of 34 units) to Medi-Cal eligible individuals (“Minimum Medi-Cal Occupancy”).

Requirement Type	Description of Requirement	Partner Response
Minimum Medi-Cal Occupancy	Partner must restrict occupancy for at least the Minimum Medi-Cal Occupancy levels specified above. Please confirm Partner has maintained Minimum Medi-Cal Occupancy. If Partner failed to meet Minimum Medi-Cal Occupancy levels, please provide good faith estimate of	<div><input type="checkbox"/> Yes.</div> <div><input type="checkbox"/> No.</div> <div>If “No,” please explain:</div>

	<p>occupancy by Medi-Cal eligible individuals during the reporting year and narrative explanation of Partner's failure to meet requirement.</p> <ul style="list-style-type: none"> • Project is for Recuperative Care or Short-Term Post-Hospitalization Housing, minimum threshold is based on number of stays by Medi-Cal eligible individuals out of total stays. 	
Prioritization Process	<p>Current prioritization process. Please confirm use of approved prioritization process. If Partner is currently using a prioritization process other than the process approved by the Alliance, please provide narrative description of current process and how process complies with Medi-Cal eligibility income requirements in alignment with the Letter of Agreement.</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No.</p> <p>If "No," please explain:</p>

By signing the below, Partner attests that the information above is true and correct, that Partner has continued to act in compliance with the Letter of Agreement, and that the Project facilities have continued to operate in alignment with the Letter of Agreement. Partner shall provide all information reasonably requested by the Alliance to validate the above information or to support any response to any government audits or inquiries related to the Letter of Agreement.

Partner:

By: _____

Print Name: _____

Title: _____

Date Signed: _____