

FUNDING AGREEMENT BETWEEN
COUNTY OF MONTEREY,
ON BEHALF OF Monterey County Health Department
AND
The Housing Authority of the County of Monterey

This Funding Agreement (“Agreement”) shall become effective upon the date of execution by all parties (“Effective Date”), by and between the County of Monterey (“County”), a political subdivision of the State of California, on behalf of The Monterey County Health Department (“Health” or “County”), and The Housing Authority of the County of Monterey (hereinafter called “HACM”) (herein referred to collectively as the “Parties”), to provide one-time funds as approved by the County of Monterey Board of Supervisors on November 12, 2024, to assist and support HACM with the acquisition of the Fairview Inn property located at 1030 Fairview Avenue, Salinas, California 93905, for permanent supportive housing for Monterey County residents experiencing homelessness with mental illness and/or other health conditions. This Agreement shall remain in effect until the one-time funding has been fully disbursed and received by HACM.

This Agreement is made with reference to the following facts:

- A. The Housing Authority of the County of Monterey has expressed strong interest in acquiring the Fairview Property, formerly known as the Homekey Project (Salinas Inn), located at 1030 Fairview Avenue, Salinas, California 93905.
- B. The Fairview Inn property will expand permanent supportive housing in Monterey County, with 44 studio units and a manager’s unit that have been fully renovated and are move-in ready. This acquisition will help sustain the property as permanent supportive long-term housing for residents experiencing homelessness with mental illness, and/or other health conditions.
- C. The Housing Authority of the County of Monterey currently does not have the capacity to assign housing rental assistance vouchers due to a temporary suspension in voucher issuance by HUD, which is anticipated to last approximately 12 to 18 months, more or less. Notwithstanding this limitation, the Housing Authority shall assign such vouchers to maintain the property as permanent supportive housing, in number and length of term as determined by HACM in its sole discretion, once HUD resumes issuance, thereby ensuring long-term housing solutions for vulnerable residents.
- D. The County of Monterey, through its Health Department, has available funds due to the success of the Whole Person Care Pilot, which can be used for one-time investments to

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meet the needs of unhoused residents experiencing mental illness and/or other health conditions.

- E. The acquisition of the Fairview Property will preserve an important Homekey Project that defaulted due to financial difficulties of the previous owner, Shangri-La Industries, and will expand the permanent supportive housing stock in partnership with the City of Salinas and the Housing Authority of the County of Monterey.
- F. The City of Salinas has identified funding to match the County's contribution into recovering this Homekey Project.

NOW, THEREFORE, it is agreed between the Parties as follows:

- 1. Incorporation of Recitals. The foregoing recitals are hereby incorporated and made part of the Agreement.
- 2. The Housing Authority of the County of Monterey's Responsibilities.

Under this Funding Agreement, HACM agrees to the following responsibilities in connection with the acquisition and operation of the Fairview Property (formerly the Homekey Project/Salinas Inn) located at 1030 Fairview Avenue, Salinas, California 93905:

A. Property Acquisition & Ownership

HACM shall take all necessary steps to acquire legal ownership of the Fairview Property and assume full responsibility for its management, operation, and maintenance as permanent supportive housing.

B. Commitment to Permanent Supportive Housing

HACM agrees to maintain the Fairview Property as permanent supportive housing for Monterey County residents experiencing homelessness, mental illness, and/or other health conditions. This commitment shall remain in place for a term of fifty-five (55) years after the issuance of the Certificate of Occupancy for the Fairview Property unless otherwise expressly provided in this Agreement or any related agreement .

C. Assignment of Rental Assistance Vouchers

Upon voucher availability and reissuance, HACM shall allocate and administer housing rental assistance vouchers to ensure long-term affordability and stability for residents of the Fairview Property, in number and length of term as determined by HACM in its sole discretion. These vouchers will support the financial sustainability of the housing program and facilitate tenant retention.

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D. Participant Cost Limitation

HACAM agrees that participant rental contributions is limited solely to cover the cost of rent. In the event additional program fees are introduced, HCAM shall not offset or reduce rent contributions for the purpose of collecting such fees without the prior written approval of the COUNTY, such approval not to be unreasonably withheld, conditioned or delayed.

E. Coordination with County & City of Salinas

HACM will collaborate with the County of Monterey, the City of Salinas, and other stakeholders to ensure that the Fairview Property continues to serve as a vital resource for permanent supportive housing. This includes compliance with all applicable funding, regulatory, and operational requirements.

F. Compliance with Funding & Reporting Requirements

HACM shall adhere to all applicable local, state, and federal laws, regulations, and policies governing the use of funds provided under this Agreement. HACM shall:

- a. Use the County's one-time funding of up to \$2,500,000 exclusively for the acquisition costs of the Fairview Property.
- b. Maintain accurate financial and operational records related to the use of County funding and property management.
- c. Provide periodic financial and programmatic reports to the County as requested, demonstrating compliance with the intended use of funds.

G. Long-Term Sustainability & Property Management

HACM is responsible for ensuring the ongoing viability of the Fairview Property as a permanent supportive housing site. This includes:

- a. Establishing and enforcing property management policies that prioritize housing stability for vulnerable populations.
- b. Partnering with appropriate service providers to deliver wraparound support services for residents.
- c. Maintaining the property in a safe, habitable, and well-managed condition in accordance with housing standards.

3. Purpose of Funding. The County's contribution of \$2.5 million will ensure the availability of 44 beds for homeless or at-risk residents in our community. The 44 beds are in addition to a unit set aside for the property manager. This one-time funding to HACM is intended to support the acquisition of the Fairview Inn property, located at 1030 Fairview Avenue, Salinas, California 93905, as permanent supportive housing for Monterey County residents experiencing homelessness, mental illness, and/or other health conditions.

4. Amount of one-time Funding. The Funding from County that is available to HACM under this Agreement for the Term (as defined in Section 8 below) is in the amount of up

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to and not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000). The Funding shall be made available in accordance with the terms set forth herein.

5. Payment of Funding. HACM shall generate an invoice to County on the County of Monterey Invoice Form included in this Agreement as Exhibit "A" in the amount up to and not to exceed \$2.5 million. The County shall certify the invoice, either in the requested amount or in such other amount as the County approves in conformity with this Agreement and shall promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.
6. Return of Unused or Improperly Used Funds. Upon the expiration or earlier termination of this Agreement, if there are any funds paid by County to HACM that have not been used or are not committed for a specific use, such funds shall be returned to County. In addition, to the extent HACM has used Funding for purposes not specifically intended by this Agreement, and not otherwise specifically approved by County (in advance of such use, and in writing), HACM shall refund such amounts to County.
7. Other Available Funding. HACM shall immediately report to County any funds received by HACM from other parties to support the same acquisition costs as are financially supported by County hereunder.
8. Term of Agreement. The term of this Agreement is from Effective Date until the completion of closing of HACM's acquisition of the Fairview Property and disbursement of the funding described herein to the current legal owner of the Fairview Property.
9. Termination by Notice. During the Term of this Agreement, County may terminate the Agreement for good cause by giving written notice of termination to HACM at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. Notwithstanding anything contained in this Agreement to the contrary, County's payment to HACM under this Agreement are funded by local, state and/or federal governments. If funds from local, state and/or federal governments are not obtained and continued at a level sufficient to allow for County's funding under this agreement, then County may give written notice of this fact to HACM, and the obligations of the parties under this Agreement shall terminate immediately upon written notice, or on such date thereafter specified in such written notice, as the County may specify, unless in the meanwhile the parties enter into a written amendment modifying this Agreement.
10. Immediate Termination.

The County reserves the right to immediately terminate this Agreement, in whole or in part, upon written notice to HACM under the following circumstances, which right shall survive the Term of this Agreement:

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- A. **Failure to Acquire Necessary Approvals or Funding** – If anticipated funding, appropriations, grants, or other financial resources necessary for the performance of this Agreement are reduced, withdrawn, or otherwise unavailable, the county may terminate this Agreement immediately and without penalty.
- B. **Acquisition, Merger, or Change in Ownership** – If HACM undergoes a merger, acquisition, change in ownership, or transfer of assets that materially affects its ability to perform under this Agreement or results in a conflict with the County’s interests, the County may terminate this Agreement immediately.
- C. **Legal or Regulatory Non-Compliance** – If HACM becomes ineligible to receive funding due to non-compliance with federal, state, or local laws, regulations, or funding requirements, or if the Agreement becomes unenforceable due to legal or policy changes, the County may terminate immediately.
- D. **Fraud, Misrepresentation, or Misuse of Funds** – If HACM is found to have engaged in fraud, misrepresentation, or improper use of funds, the County may immediately terminate the Agreement and seek appropriate remedies.
- E. **Failure to Meet Performance Obligations** – If HACM fails to perform under the terms of this Agreement and such failure poses an immediate risk to County operations, public safety, or compliance with funding requirements, the County may terminate immediately without prior notice.

Notwithstanding anything contained in this Agreement to the contrary, (A) HACM shall not be obligated to fund operations of the Fairview Property in excess of all third-party (housing rental assistance vouchers, local, state, federal, and philanthropic funds) funding received for operation of the Fairview Property, and (B) County shall not have the right to terminate this Agreement or require the return of funds provided under this Agreement due to any lack of operational funding for the Fairview Property so long as HACM is reasonably diligently pursuing third-party funding for any gaps in operational funding and conferring with County on a regular basis regarding the same.

11. Indemnification.

- A. **By County.** County shall defend, indemnify and hold The Housing Authority of the County of Monterey, their officers, employees and agents harmless from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by County, its officers, employees, or agents, excepting only loss, injury or damage caused by the negligence or willful misconduct of HACM, their officers, employees, agents, or sub-contractors. It is the intent of the parties to this Agreement to provide the broadest possible coverage for HACM. County shall reimburse HACM for all reasonable costs, attorneys’ fees,

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expenses, and liabilities incurred with respect to any litigation in which County is obligated to indemnify, defend and hold harmless HACM under this Agreement.

- B. By HACM. HACM, shall defend, indemnify and hold County, its officers, employees, and agents harmless from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by HACM, its officers, employees, agents, or sub-contractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of County, its officers, employees, or agents. It is the intent of the parties to this Agreement to provide the broadest possible coverage for County. HACM shall reimburse County for all reasonable costs, attorneys' fees, expenses, and liabilities incurred with respect to any litigation in which HACM is obligated to indemnify, defend and hold harmless County under this Agreement. Notwithstanding anything in this Agreement to the contrary, the parties to and beneficiaries of this Agreement acknowledge and agree that any obligation of HACM to hold harmless, defend, indemnify or guarantee hereunder shall be payable by HACM only out of Non-Federal Funds. For purposes of this Agreement, the term "Non-Federal Funds" means assets and funds that are not restricted by law or contract for use in government-sponsored programs (including without limitation any funds received or held by HACM with respect to HACM's public housing portfolio). Without limiting the foregoing, there shall be no recourse against (i) any public housing project of HACM; (ii) any operating receipts of HACM (as the terms "public housing project" and "operating receipts" are defined in the Annual Contributions Contract between HACM and the U.S. Department of Housing and Urban Development, as amended (the "ACC"), or in any amendments thereto); or (iii) any public housing operating reserves of HACM reflected in HACM's annual operating budget required under the ACC. HACM obligations hereunder are limited to eligible non-public housing assets (e.g., Section 8 administrative fee reserves or other assets not subject to any Declaration of Trust and not acquired or merged with assets acquired with public housing funds under the United States Housing Act of 1937, as amended).
- C. Survival. The respective rights and obligations under the provisions of Section 11 of this Agreement shall survive termination or cancellation of this Agreement.
12. Prohibition Against Discrimination. During the performance of this Agreement, HACM shall not unlawfully discriminate against any person because of sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation as provided by law, either in HACM's employment practices or in the furnishing of services to recipients. The provision of services primarily or exclusively to such target population as may be designated in this Agreement shall not be deemed to be prohibited discrimination.
13. Cooperation in Disposition of Claims. The Parties mutually agree to cooperate with each other in the timely investigation and disposition of audits, disciplinary actions and third-

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party liability claims that arise out of any and all activities encompassed by this Agreement, or in the operation of the Funding. The Parties shall notify one another as soon as possible of any issue that may result in liability to the other party. Cooperation between the Parties may include, but is not limited to, timely notice, joint investigation, defense, disposition of third party claims arising with respect to this Agreement and making witnesses available.

14. Notice. Any notice required or permitted under this Agreement to any party shall be deemed sufficiently made and given if personally delivered, sent by overnight delivery service, return receipt requested, or deposited in the United States mail, postage paid (certified mail, return receipt requested), as follows:

If to COUNTY:

Lara Clayton
Deputy Director of Behavioral
Health
Monterey County Health Dept.
1270 Natividad Road
Salinas, CA. 93906
Phone: 831.796.1717

If to HACM:

Keith L. Gregory
Director of Development
Housing Authority of the County of Monterey
123 Rico Street
Salinas, CA. 93907
Phone: 831.796.4662

Copy to HACM Legal Counsel:

Fox Rothschild LLP
BNY Mellon Center
500 Grant Street, Suite 2500
Pittsburgh, PA 15219
Attn: Michael H. Syme, Esq.

15. Amendment. This Agreement may be amended only in writing signed by the authorized representatives of the Parties.
16. Governing Laws. The laws of the State of California shall govern this Agreement.
17. Entire Agreement. This document constitutes the entirety of the Agreement between the Parties and supersedes all prior agreements and understandings regarding the subject matter hereof.
18. Compliance with Law. The Parties acknowledge and agree that nothing in this Agreement shall be construed to require or permit any activity that would constitute a violation of any applicable law or regulation.

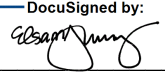
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19. Disputes; Mediation; General Reference. The Parties hereto agree that any controversy, claim, action or dispute arising out of or relating to this Agreement, shall be heard by a general referee pursuant to the provision of Code of Civil Procedure §§ 638 through 645.1, inclusive, in Monterey County, California, according to the following procedures; provided however, that any controversy, claim, action or dispute arising out of or relating to this Agreement, shall first be the subject of non-binding mediation in Salinas, California. The Parties shall promptly and diligently cooperate with one another and the referee, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of the dispute or controversy in accordance with the terms hereof.
20. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws or regulations effective during the term hereof, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never been a part of the Agreement, and the remaining provisions shall remain in full force and effect unaffected by such severance.
21. Waiver. Waiver by Party of any breach of any provision of this Agreement or warranty or representation herein set forth shall not be construed as a waiver of any subsequent breach of the same or any other provision. The failure to exercise any right hereunder shall not operate as a waiver of such right. All rights and remedies provided for herein are cumulative.
22. Counterparts. This Agreement may be executed in separate counterparts, none of which need contain the signatures of both parties, and each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute and be one and the same instrument.

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IN WITNESS WHEREOF, County and HACM have executed this Agreement as of the day and year written below.

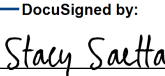
COUNTY OF MONTEREY

DocuSigned by:
By: 
C7A30BA59CA8423...

Elsa Mendoza Jimenez, Director of Health Services


Date: 6/6/2025 | 4:36 PM PDT

Approved as to Legal Provisions:

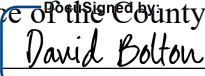
DocuSigned by:
By: 
C0ECE1B99F444A9... Stacy Saetta

Monterey County Deputy County-Counsel
Chief Deputy County Counsel

Date: 6/6/2025 | 4:39 PM PDT

DocuSigned by:
By: 
4E75607B554544E... Jennifer Forsyth
Monterey County Deputy Auditor-Controller
Auditor-Controller Analyst II
Date: 6/6/2025 | 6:01 PM PDT

Reviewed as to Liability Provisions:

DocuSigned by:
By: 
B51485F11D0449... David Bolton
Monterey County Risk Manager
Date: 6/8/2025 | 9:20 PM PDT

County of Monterey Signature Instructions:

If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers (two signatures required).

If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership (two signatures required).

If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Agreement (one signature required)

The Housing Authority of the County of Monterey

DocuSigned by:
By: 
E9C93680DAB0474...

Name: Zulieka Boykin

Title: Executive Director

Date: 6/6/2025 | 1:44 PM PDT

By: _____

Name: _____

Title: _____

Date: _____

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INVOICE

INVOICE #
DATE:

DESCRIPTION	UNIT PRICE	TOTAL
One-time contribution toward the acquisition of the Fairview Inn property located at 1030 Fairview Ave., Salinas, CA 93905 to provide permanent supportive housing to Monterey County residents experiencing homelessness, and mental illness or other health conditions. Contribution amount up to \$2,500,000.00	\$	\$
SUBTOTAL		\$
SALES TAX		
SHIPPING & HANDLING		
TOTAL DUE		\$

Make all checks payable to Housing Authority County of Monterey, and mail to 123 Rico Street, Salinas, CA 93907.