

LETTER OF AGREEMENT FOR THE ALLIANCE HOUSING FUND

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

AND

COUNTY OF MONTEREY,

on behalf of the

COUNTY OF MONTEREY HEALTH DEPARTMENT

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 County of Monterey, on behalf of the County of Monterey Health Department (“Partner”), having a principal place of business at 1270 Natividad Road Salinas, CA 93906.

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;

Whereas, the Alliance has agreed to award Partner Alliance Housing Fund funds, contingent upon Partner’s performance as set forth herein, 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.

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 reflects 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 described in this Agreement and the SOW. All costs accrued prior to the Effective Date 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 Funding Term for which the Award has been provided (as defined in Section 18), 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 site development, design services, site investigations, constructed or modular buildings, 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 SOW, 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 Effective 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 two progress reports 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 Three Completion Date, but in any event no later than the end of the Funding Term. The 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 Partners 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 in accordance with paragraph 27 (Indemnification) of this Agreement.
- 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 on January 31, 2029, unless earlier terminated by the parties as permitted herein (“Funding Term”). This Funding Term accounts for the activity period to 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) 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 one of the following means:

- i. Partner has furnished proof of its legal ownership of the land and/or facility to the Alliance; or
 - ii. Partner has secured a long-term lease agreement for the facility and provided a copy of the lease to the Alliance; or
 - iii. Partner has proposed funding for the acquisition of the land and/or the facility and provided a binding letter of intent to purchase the land and/or facility to the Alliance.
- c. On-Site Services for Transitional/Permanent Supportive Housing. If Partner has received an Alliance Housing Fund Award for a permanent supportive housing project, Partner represents that medical and/or social supportive services will be available to medically fragile Medi-Cal residents with complex needs at the proposed site, which shall be funded by sources other than the Alliance Housing Fund or other Alliance grant programs.
- d. 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 a period of not less than ten (10) years from the Phase Three Completion Date (“Useful Life”).

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. Through a Request for Proposal process, Partner will contract with a not-for-profit organization for the operation of the facility. 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.

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 intentional or negligent 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 primarily to Partner's performance of its obligations under this Agreement, except to the extent caused by Alliance.

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.

Partner may satisfy its insurance obligations through self-insurance, provided it maintains sufficient financial resources to meet or exceed the required coverage limits and provides written verification of such self-insurance upon request. 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; and (iii) 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 County, 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.

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.

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”).

Partner:

County of Monterey, on behalf of
County of Monterey Health Department

Alliance:

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

By: _____

Print Name: _____

Title: _____

Date Signed: _____

By: _____

Print Name: _____

Title: _____

Date Signed: _____

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, on behalf of the County of Monterey Health Department (“Partner”), having a principal place of business at 1270 Natividad Road Salinas, CA 93906.

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:	Medical Recuperative Care Center (“Project”)
Award Date:	January 31, 2025
Partner Name:	County Of Monterey Health Department
Partner’s Liaison:	Patricia Zerounian, MPP, Health Department Management Analyst III Email: zerounianp@countyofmonterey.gov Phone number: 831-588-8202
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 \$3,924,669.00 (“Maximum Award”)
Purpose of Project:	To support Medical Recuperative Care Center Project as described in this Agreement and the Letter of Intent dated December 27, 2024, attached to this Agreement as Exhibit 2, that is or will be located at 855 E. Laurel Drive, Salinas, CA 95036 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 to individuals that meet the then-current Medi-Cal eligibility income limits at the time of placement ("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 non-Alliance 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.

a. Project-Specific Contingencies:

- Organization passing any required environmental assessments related to this Project. Partner must meet the remediations necessitated by environmental assessments no later than the Phase Two Completion Date in order to receive any Award payment.

b. 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 represents that Partner has secured funding for the Project as follows:

i. Non-Alliance funding sources:

- County of Monterey Health Department: \$5,075,331.00

Partner must fulfill the above contingencies and provide documentation for review in accordance with the terms in this Agreement and 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 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. Provide proof of fulfillment of any remaining Payment Preconditions listed in Section A of this SOW, except as explicitly set forth in Section A(a) of this SOW.
- ii. Confirm Project site ownership.
- iii. Complete preliminary site development and estimated construction budget.
- iv. Submit Project Plan, including 1) Funding Sources documentation as described in Section B above; 2) Design plans; and 3) Construction budget.

b. Phase One Completion Date: July 31, 2025.

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 sixty (60) business days of Effective Date.

e. Payment Percentage: 0% of Maximum Award.

2. Phase Two

a. Phase Two Milestones:

- i. Complete site development plans.
- ii. Provide proof that all Project-Specific Contingencies have been met.
 - Should Partner fail to provide the Alliance with evidence of satisfactory completion of all Payment Preconditions listed in Section A of this SOW (including meeting any environmental remediations necessitated by environmental assessments) by the Construction Start Date, this Agreement will automatically terminate with immediate effect, and the Alliance shall have no obligation to pay any Award amount, regardless of whether Partner completed any other Milestones.
- iii. Obtain general contractor bids.
- iv. Sign general contractor contract.
- v. Acquire building permits.
- vi. Begin Construction.

- Construction Start Date. In order to maintain eligibility for the interim payments provided for in this SOW, Partner must begin construction of the Project no later than March 31, 2027 (“Construction Start Date”).
- b. Phase Two Completion Date: March 31, 2027.
- c. Deliverables: Detailed documentation of Phase Two Milestones completion, including timely submission of reports.
- d. Deliverable Due Date: April 30, 2027.
- e. Payment Percentage: 66% of Maximum Award

3. Phase Three

a. Phase Three Milestones:

- i. Establish Prioritization Process for Medi-Cal Eligible Individuals. By November 30, 2027, Partner, and participating hospitals 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.¹ Partner shall develop Project prioritization systems as follows:
 - Permanent Supportive Housing. If all or a portion of the Project is for permanent supportive housing, the following shall apply to such permanent supportive housing units:
 - Unless otherwise preapproved by the Alliance, Partner will develop referral protocols which prioritize placement of Medi-Cal eligible individuals through the local Coordinated Entry System (“CES”). If Partner wishes to utilize a prioritization system other than CES, Partner may submit a request to utilize a comparable system to the Alliance at least 30 days prior to implementation date. Any request to utilize a prioritization system other than CES must be delivered in writing by Partner and include a detailed narrative description of the prioritization system, justification for utilizing the non-CES system, 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 request to utilize a non-CES system in Partner’s Phase 1 Milestone Project Plan deliverable, such non-CES system shall be considered approved under this Agreement upon the Alliance’s approval of the Project Plan.
 - Should requirements from other funding sources or other external constraints prevent Partner from using CES, Partner

¹ [Housing Discrimination Under the Fair Housing Act | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](https://www.hud.gov/section8/2014/01/housing-discrimination-under-the-fair-housing-act)

shall provide documentation to the Alliance evidencing such terms and conditions.

- Should Partner already have a prioritization system comparable to CES in place that Partner wishes to continue utilizing as of the due date set forth above in Section C(3)(a)(i) of this SOW, then Partner shall adopt the following protocol unless otherwise agreed upon by the Alliance:
 - i. If Partner's prioritization list already contains a queue, Partner will: validate listed individuals' Medi-Cal eligibility using income guidelines and submit validated prioritization list to the Alliance for approval.
 - ii. Once Partner's prioritization list is exhausted, Partner will: identify other Medi-Cal eligible individuals through the Partner's alternative system, validate such individuals' Medi-Cal eligibility using income guidelines, and submit the validated prioritization list to the Alliance for approval.
 - iii. Once Partner's prioritization list is exhausted, if Partner is not able to identify any additional Medi-Cal eligible individuals through the alternative system, Partner will: utilize CES, validate such individuals' Medi-Cal eligibility using income guidelines, and submit validated prioritization list to the Alliance for approval.
- 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 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 November 30, 2027, Partner will complete construction of the Medical Recuperative Care Center Project at 855 E. Laurel Drive, Salinas, CA 93906, for the purpose of allocating at least 80% of the Project's total units to Medi-Cal eligible individuals ("Minimum Medi-Cal Occupancy").
- iii. Obtain Certificate of Occupancy.
 - By November 30, 2027 the Certificate of Occupancy will be received.
 - By November 30, 2027, all units will be available for Minimum Medi-Cal Occupancy.
- iv. Establish Service Availability and Best Efforts Prioritization Outcomes.
 - By November 30, 2027, 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.
 - By November 30, 2027, Partner shall use best efforts to achieve goal of: discharging original Medi-Cal eligible residents to interim shelter, supportive housing, or permanent supportive housing, with no hospital readmittance for the original cause within 30 days of discharge.
- b. Phase Three Completion Date: December 31, 2028.
- c. Deliverables: Detailed documentation of Phase Three Milestones completion, including timely submission of reports and, as applicable, validated prioritization lists.
- d. Deliverable Due Date: January 31, 2029.
- e. Payment Percentage: 34% of Maximum Award.

4. **Post Completion; Useful Life.**

- a. Useful Life Implementation. At all times during the Useful Life (i.e., 10 years following Phase Three 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 Three Completion Date) ("Annual Attestation"). The Annual Attestation shall be consistent with the format outlined in the Annual Attestation Template attached as Exhibit 3 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 this Agreement.
- c. Useful Life End Date: December 31, 2038
- d. Deliverables: Annual attestation.
- e. Deliverable Due Date: March 31st of each calendar year during the Useful Life.

D. PROJECT DURATION. Partner must complete all activities that were submitted for funding in the Letter of Intent approved by the Alliance on January 31, 2025 and provide all required reporting to the Alliance within the Funding Term (i.e., before January 31, 2029). 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 Three 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:

- a. Initial Payment. There shall be one initial payment for the completion of Phase 1 and Phase 2 Milestones outlined above in Section C of this SOW. The initial payment shall not exceed sixty-six percent (66%) of the Maximum Award amount. Subject to Partner's timely completion of all Phase One and Phase Two Milestone requirements, this payment shall be paid within thirty (30) business days of the Alliance's receipt of all Phase 2 Deliverables, including a progress report (narrative and original Project budget versus actual expenses), verification of Project expenses incurred since the Effective Date, proof of obtaining all Project funding, and proof of completion of all Project-Specific Contingencies, including AUGF issuance. The progress report should include documentation (e.g., project management report, inspection report, permit, etc.) demonstrating that Phase One and Phase Two Milestones have been completed and all Payment Preconditions set forth in Section A of this SOW have been met.
- b. Final Payment. Final payment of thirty-four percent (34%) 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 notice in the form requested by the Alliance of the Construction Start Date and the Phase Three Completion Date, and provide the Alliance with such further documentation as it may request to verify that Partner has actually begun and/or completed the Project 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 Three 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 Three 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.

[signatures appear on following page]

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

For the Partner:

County of Monterey, on behalf of the
County of Monterey Health Department

By: _____

Print Name: _____

Title: _____

Date Signed: _____

For the Alliance:

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

By: _____

Print Name: _____

Title: _____

Date Signed: _____

EXHIBIT 2



COUNTY OF MONTEREY HEALTH DEPARTMENT

Elsa Jimenez, Director of Health

Administration Animal Services Behavioral Health Clinic Services
Emergency Medical Services Environmental Health Public Administrator/Public Guardian Public Health

December 27, 2024

Kate Nester, Program Development Manager, Central California Alliance for Health
1600 Green Hills Road, Suite 101
Scotts Valley, CA 95066-4981

Re: Alliance Housing Fund Application: \$4,500,000

The County of Monterey (County) has underway a partially funded, 30-bed non-congregate medical recuperative care center (MRCC) located in Salinas, near Natividad, County primary care and specialty clinics, behavioral health clinics, and the SHARE family housing and navigation center. Funding for this project will help accelerate this long-planned, fast-track project that will make use of CalAIM, ECM, and CS for some of its operational costs.

Proposal: The MRCC project consists of a recuperative care center (up to 90 days) and short-term posthospitalization housing (up to 6 months) predominantly for Medi-Cal enrolled or Medi-Cal eligible persons who are unsheltered. The MRCC will be comprised of 30 non-congregate modular units, each consisting of a bedroom with hospital bed, dresser, and nightstand, and fully ADA-compliant bathroom with sink, toilet, and roll-in shower. The facility will be staffed 24/7 with licensed medical care professionals (registered nurses, licensed vocational nurses, and/or public health nurses) who will aid healing from disease and injury while working with Enhanced Care Management and Community Support intensive care coordinated service professionals to help decrease hospital re-admissions and unsheltered homelessness. Qualified patients will be referred by Natividad and Salinas Valley Health (SVH) to the MRCC where ideally, medical staff will have access to their medical records.

While at the MRCC, patients will be screened for appropriate medical and social services including but not limited to primary care physicians and medical specialists, behavioral health clinicians, social services and housing navigators, and other streams of the continuum of care for unsheltered individuals. These services will support Medi-Cal applications, access to dental care, and links to primary care and specialty physicians. The Health Department's Behavioral Health Bureau will address crises and substance

disorders. County Social Services will review Medi-Cal applications and facilitate links to temporary cash assistance, general assistance, CalFresh, and CalWORKS. Our community homeless services partners will enter patients into the homeless management information system and navigate patients to housing, legal services, and other social supports,

Whenever possible, discharged patients will be transferred to the County's SHARE Center, a 100-bed individual and family shelter and housing navigation center that provides a range of essential services. Patients may also be transferred to other shelters, supportive housing, sobriety centers, or other appropriate levels of care including skilled nursing facilities, if needed.

MRCC Site and Building Attributes: Each non-congregate recuperation unit is designed with a 50-year lifespan that can be disassembled, relocated, and reassembled if needed. With drains in the bedrooms and bathrooms, the units can easily be washed down and sanitized between patient occupancy. They are fully ADA compliant with air conditioning, smoke detectors, and fire alarm and call systems. Wi-Fi, cable TV, and cell phones will be available to each patient. The units will include exterior benches, and the grounds will include pathways, lighting, landscaping, shaded conversation areas, attractive border fencing, perhaps a dog run and dog wash station, and a designated smoking area. The rectangular site is easily accessible by an existing street and will have dedicated parking for staff and service providers, meal and laundry deliveries, and intake/discharge.

Organization Description: The County has a decades-long history of providing facility construction and programs to individuals and families who are unsheltered through its Health and Social Services Departments, and its Office of Homeless Services. In collaboration with local jurisdictions, community partners, and various care systems, the County uses a coordinated approach to address homelessness, focusing on both prevention and intervention strategies. This collaborative effort ensures that individuals at risk of or currently experiencing homelessness receive timely and effective health, mental health, social services, and housing support. The County is a Medi-Cal provider through its ten Federally Qualified

Health Centers, behavioral health, public health nursing, and Natividad, the County's 172-bed acute care safety-net medical center and teaching hospital, and Level II Trauma Center.

Statement of Need: Monterey County's unhoused residents do not have a hygienic and safe place to medically recover from illness or post-hospitalization when their conditions no longer meet medical necessity to be hospitalized. The MRCC will fill this gap in our system of care by providing vulnerable individuals a clean, safe, and secure place to fully recover, thereby reducing re-hospitalization, prolonged illness, or death. Nearly all people served by the MRCC will be Medi-Cal beneficiaries or presumed Medi-Cal eligible who have been discharged from Natividad and hopefully, SVH hospitals. The project will create the only comprehensive clinical care recuperative facility in the county and beds will specifically serve Monterey County.

Achievable Solution: The County's solution includes 30 prefabricated, freestanding, furnished units with en suite bath, arranged in a secure configuration on County-owned land, adjacent to the County's existing 100-bed SHARE family housing and navigation. Other freestanding units will serve as:

- an Administration building with a welcome area and private offices for intake and discharge procedures, facility operations, and staff charting,
- a Health Center providing offices for occupational and physical therapies, access to behavioral health therapies, medical/legal counseling, and social services navigation conferences,
- a Community Connections building with open space for patient meal service and group meetings to support mental health, housing, and employment training/opportunities. Healthy snacks will be available here from 7 am to 11 pm.

Budget and Funding Sources: The project budget is approximately \$9 million and can be completed in approximately 18 months, although environmental assessment requirements are currently undetermined. The construction budget for a turn-key project is based on comprehensive estimates developed by the architect/engineering consultant, the general contractor, and County of Monterey Public Works, Facilities, and Parks Department. The budget includes site design and engineering; permits and utility meters; and site improvements consisting of grading, compaction, and trenching; parking paving and striping; building foundations; electrical, water, and sewer services; fencing, lighting, covered sidewalks, and landscaping; security cameras; directional and onsite signage; non-congregate units and three ancillary buildings; fixtures, furnishings, and equipment, and limited startup costs. The Health Department has committed \$4.5 million in earmarked department funds, and this proposal is for a matching \$4.5 million in Alliance Housing Funds. This proposal includes the MRCC furnishings, fixtures, and equipment, but does not represent operational costs. The County of Monterey is free from any debarment and/or suspension, declaration of ineligibility, or voluntarily excluded by any federal department or agency.

Project Architect/Engineering Consultant: The County has issued a work order to Kasavan Architects, a trusted and award-winning full-service design and engineering firm in Salinas. Kasavan Architects has performed design services to the County of Monterey since 1948. Their MRCC services include: Site surveys, geotechnical investigation, environmental analysis, civil, structural, mechanical, electrical and data/communications and landscape and irrigation to support site development as approved by the County and as required by applicable codes and regulations. Sub consulting services include:

- Surveys and Civil Engineering – Whitson Engineers, Monterey
- Utility Locating Services – TBD
- Environmental Consulting - EMC Planning Group, Monterey
- Environmental Engineer (Hazardous Materials) - M3 Environmental, Monterey
- Structural Engineer – Donald C. Urfer & Associates, Soquel
- Mechanical/Fire Protection Engineer – Axiom Engineers, Monterey

- Fire Flow Test – TBD
- Electrical Engineer – Aurum Consulting Engineers, Monterey
- Landscape Architect – Bellinger Foster and Steinmetz, Monterey

General Contractor: The County is conducting in-depth discussions with a building and general contractor

(B and C licenses) having state of California pre-approved rates provided through Senate Bill 1395, which additionally waives the need for local government requests for proposals and some environmental assessment requirements. This contractor is a pioneer in providing governments with

comprehensive emergency response, disaster recovery, and modular sheltering solutions for unhoused individuals and families. The County's project planning team is working closely with this contractor to identify tailored solutions that will achieve our vision of filling known gaps in our local continuum of medical care for county residents who are unsheltered.


Operations: The Health Department will issue a request for comprehensive operational proposals from qualified, pre-vetted organizations that are experienced in providing medical recuperative care and ancillary services for vulnerable populations. Eligible organizations must commit to the National Institute for Medical Respite Care (NIMRC) and the Respite Care Providers Network 2021 Standards for Medical

Respite Care Programs and the NIMRC's Comprehensive Clinical Care Model. The selected operator will be experienced in Medi-Cal and Medicare billing, and the Cal AIM, ECM, and CS program aspects and billing requirements. Additional operational funding will be contributed from hospital partnerships through contractual agreements. We are developing operational budget scenarios and welcome The Alliance's interest and assistance.

Summary: The project is highly feasible, accessible, and efficient for the delivery of physical, dental, behavioral health, social services, and supportive independent housing solutions. It will close a crucial gap in the County's healthcare and homelessness response continuum by providing essential support to posthospitalized individuals who are too frail or ill to return to homelessness or unsupported living environments. Importantly, this solution has been shown through peer-reviewed studies to prevent avoidable hospital readmissions and reduce emergency department use.

Contact information: Coordinating this project are Patricia Zerounian, MPP, Health Department Management Analyst III, zerounianp@countyofmonterey.gov 831-588-8202, and Elsa Jimenez, MPH, Director of Health Services, jimenezem@countyofmonterey.gov 831-755-4526.

Thank you for considering this application for available Alliance Housing Funds. Please contact me with any questions or comments you may have.

DocuSigned by:

C7A30BA59CA8423...

Elsa Mendoza Jimenez

Director of Health Services

County of Monterey Health Department

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: in person, by submission in the Alliance's online incentives portal, 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: Medical Recuperative Care Center ("Project")

Letter of Agreement
Effective Date:

Partner Name: County Of Monterey Health Department

Minimum Medi-Cal Eligible Individuals Preference Threshold Requirement: Partner must restrict occupancy for at least 80% of the Project's total 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 occupancy by Medi-Cal eligible	<input type="checkbox"/> Yes. <input type="checkbox"/> No. If "No," please explain:

	<p>individuals during the reporting year and narrative explanation of Partner's failure to meet requirement.</p> <ul style="list-style-type: none"> • If Project was for Permanent Supportive Housing, minimum threshold is based on number of units in service occupied by Medi-Cal eligible individuals during the reporting year. • If Project was 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 <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: _____