

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY**

DEPT: Behavioral Health & Recovery Services

BOARD AGENDA:6.B.15
AGENDA DATE: October 30, 2018

SUBJECT:

Approval to Enter into a Loan and Disbursement Agreement for \$550,000 in Mental Health Services Act Housing Funds with the Housing Authority of Stanislaus County for Permanent Supportive Housing Units in the Palm Valley Project at 201 E. Coolidge Avenue in Modesto, California

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2018-0534

On motion of Supervisor Withrow , Seconded by Supervisor Chiesa
and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, Withrow, Monteith, and Chairman DeMartini


Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:

ATTEST: 
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Behavioral Health & Recovery Services

BOARD AGENDA:6.B.15
AGENDA DATE: October 30, 2018

CONSENT:

CEO CONCURRENCE: YES

4/5 Vote Required: No

SUBJECT:

Approval to Enter into a Loan and Disbursement Agreement for \$550,000 in Mental Health Services Act Housing Funds with the Housing Authority of Stanislaus County for Permanent Supportive Housing Units in the Palm Valley Project at 201 E. Coolidge Avenue in Modesto, California

STAFF RECOMMENDATION:

1. Approve the Loan Disbursement Agreement/Promissory Note of \$550,000 with the Housing Authority of Stanislaus County for ten (10) permanent supportive housing units for County participants to be located at the Palm Valley Apartments at 201 E. Coolidge Avenue, Modesto California.
2. Authorize the Behavioral Health Director, or his designee, to sign the Agreement and Promissory Note with the Housing Authority of Stanislaus County.

DISCUSSION:

Behavioral Health and Recovery Services (BHRS) has a continuum of housing options for individuals dealing with serious mental illness. These include emergency housing, transitional housing and permanent supportive housing. The development of this continuum is based on a Housing First model, a concept that emphasizes the need to have stable housing before issues of mental illness and substance use can be effectively treated.

On April 26, 2016, the Stanislaus County Board of Supervisors approved a Master Plan for permanent supportive housing that would align with the Board of Supervisors' priorities for the use of Mental Health Services Act (MHSA) funds. The Master Plan guidelines were developed in collaboration with the Stanislaus County Affordable Housing Corporation (STANCO). STANCO is a local non-profit corporation that has demonstrated a successful track record in providing transitional and permanent supportive housing to persons with mental health disabilities.

The increased demand for placements in Institutions for Mental Disease (IMDs) and a shortage of transitional housing and Board and Care Facilities add to the deficit of housing options for clients. Increased volume and length of stays in IMDs will have

budget consequences due to their higher costs versus lower cost transitional housing and Board and Care Facilities.

BHRS has identified that the deficit of housing options for BHRS clients is a large unmet need that contributes to the challenge of providing integrated services toward recovery. There are currently 198 individuals and families on a waitlist with BHRS for permanent supportive housing and transitional housing. BHRS is working expeditiously to use funds mandated for this purpose to increase the inventory of housing units available in the community.

In April of 2017, BHRS Community Stakeholders considered and endorsed the Master Plan for Permanent Supportive Housing projects, which included the previously approved Kestrel Ridge Project, currently underway.

On August 8, 2017, the Board of Supervisors adopted the Three-Year Housing and Expenditure Plan which included preliminary discussion of this housing project. The Board also approved at this same time the request to return unencumbered MHSA Housing Funds held by the California Housing Finance Agency (CalHFA) to BHRS. CalHFA previously held all counties MHSA Housing Funds until expended. CalHFA returned \$1,107,705 to BHRS because of this action. The current available balance of the housing funds as of September 30, 2018 is \$876,891.

On March 23, 2018, the MHSA Representative Stakeholder Steering Committee specifically endorsed the Palm Valley Housing Project. On August 21, 2018, the Board of Supervisors approved MHSA Annual Update for Fiscal Year 2018-2019, which included the Palm Valley Housing Project.

Project:

The Palm Valley Supportive Housing Project (the Project) is a joint partnership between the Housing Authority of Stanislaus County, the City of Modesto, and Behavioral Health and Recovery Services. The Project was included in the MHSA Annual Update for Fiscal Year 2018-2019 and is the second housing project initiated following the release of housing funds back to Stanislaus County. BHRS has three years to use the housing funds and is beginning year three. With CalHFA no longer responsible for the development and financial aspects of MHSA local housing projects, BHRS is now responsible for working with project developers and executing related financial agreements with project partners.

The Project is located at 201 E. Coolidge Avenue in Modesto and will be a long-term affordable permanent supportive housing apartment complex. The Project is a mixed-use site and is being rehabilitated by the Housing Authority of Stanislaus County with financing from a joint partnership between BHRS, the City of Modesto and the Housing Authority. The Housing Authority of Stanislaus County will be the property manager which includes the operation and leasing of the Project.

The site has three (3) buildings which sit on the north, east and south parts of the property. Two buildings have fifteen (15) units each and the third building has ten (10) units. The Ten (10) units for BHRS are in the north building and will be dedicated to permanent supportive housing for MHSA target population residents. The Project's ten (10) one and two-bedroom units will serve the target population of transition aged youth, adults, and older adults who have serious mental illness/serious emotional disturbance and are homeless and/or at risk of homelessness. All units contain a kitchen, living/dining room, and bathroom, and are appropriate for single or family occupancy. There are 39 covered parking stalls and 35 uncovered parking spaces, with three (3) of the spaces being designated handicapped. All parking is clearly lighted and protected by the surrounding buildings and secured by security gates and fencing. Individual units will each have their own parking space. The site will also have a meeting room/community center space which can be utilized by staff and residents for private meetings or teaching classes such as independent living skills and other topics. The Project's location is near public transportation, county mental health services and is walking distance to shopping. Importantly, the Project will add inventory to the housing units available for the increasing population of individuals with severe mental illness.

The total cost of construction of the Project to the Housing Authority is estimated at \$1,200,000. BHRS proposes to contribute one-time funding of \$550,000 in the form of a thirty (30) year forgivable loan to the Housing Authority. This contribution will be made from the categorical MHSA Housing Funds. The balance of the Project is to be funded by the Housing Authority and the City of Modesto. The BHRS contribution for the project is formalized by way of a loan disbursement agreement and a promissory note with the Housing Authority.

The deal points of the loan agreement and promissory note provide for the \$550,000 to be disbursed to the Housing Authority upon commencement of the construction project. The loan will be forgiven in three equal increments of \$183,333, every 10 (ten) years upon continuous operation of the Project for use by the target population of transition aged youth, adults, and older adults who have serious mental illness/serious emotional disturbance and are homeless and/or at risk of homelessness. Conditions and restrictions for this contribution to the Project are required by the California Welfare and Institutions Code Sections 5600.3, 5847 and 5858.

The BHRS one-time contribution of \$550,000 is not expected to be re-paid if the construction of the ten units is completed in accordance to the disbursement agreement, and the units are used and operated exclusively for the MHSA target population upon project completion. The loan agreement with the Housing Authority also covenants and conditions the use of the ten units for this purpose for a period of thirty (30) years.

On August 15, 2018, the Health Executive Committee of the Board of Supervisors comprised of Supervisors Withrow and DeMartini, supported the recommendation to proceed to the Board of Supervisors for approval.

POLICY ISSUE:

Board of Supervisors' approval is required for any contract or agreement wherein the total cumulative compensation exceeds \$100,000. Cumulative refers to the total compensation paid by an individual department in the reporting year and the next two fiscal years immediately prior thereto, where there has been no break in contractual services over six months.

FISCAL IMPACT:

In summary, the \$550,000 contribution toward the Project will purchase the use of ten housing units for a thirty-year period, or \$55,000 per unit. Spread over thirty years, the cost per year equals \$1,833, per unit.

The proposed agreement with the Housing Authority of Stanislaus County is funded by Mental Health Services Act revenue in the amount of \$550,000. Sufficient appropriations and estimated revenue for the one-time contribution were included in the BHRS Fiscal Year 2018-2019 Adopted Final Budget and Fiscal Year 2019-2020 Spending Plan. Should the construction timeline carry beyond the end of Fiscal Year 2019-2020, appropriations and estimated revenue to support the agreement will be included in future budget cycles. There is no impact to the County General Fund.

BOARD OF SUPERVISORS' PRIORITY:

The recommended actions are consistent with the Boards' priority of *Supporting Community Health, Supporting Strong and Safe Neighborhoods, and Delivering Efficient Public Services and Community Infrastructure* by increasing the capacity of BHRS to meet the housing needs of a vulnerable population while they work towards wellness and recovery.

STAFFING IMPACT:

The agreements will be facilitated by existing BHRS staffing resources. There is no additional staffing impact associated with the approval of this agenda item.

CONTACT PERSON:

Rick DeGette, MA, MFT Behavioral Health Director 209-525-6205

ATTACHMENT(S):

1. Palm Valley Housing Loan Agreement

LOAN AND DISBURSEMENT AGREEMENT

between

Housing Authority of the County of Stanislaus

and

Stanislaus County

Executed as of September 10, 2018

RECORDING REQUESTED BY:
Housing Authority of the County of Stanislaus

AND WHEN RECORDED MAIL TO:
Housing Authority of the County of Stanislaus
P.O. Box 581918
Modesto, CA 95358-0033

Space above this line for Recorder's use only

LOAN DISBURSEMENT AGREEMENT

THIS Loan Disbursement Agreement ("Agreement") is executed as of September 10, 2018 and entered into by and between The Housing Authority of the County of Stanislaus, a body corporate and politic ("Borrower") and the County of Stanislaus through its Behavioral Health and Recovery Services Agency (the "Agency"), a political subdivision of the State of California, located in Stanislaus County, California.

RECITALS

- A. Borrower owns the fee interest in that certain real property described in **Exhibit "A"** (the "**Development**"), which includes all improvements made or to be made thereon.
- B. Borrower proposes to construct certain improvements, renovations and/or rehabilitation ("**Construction**") consisting of 10 affordable multifamily housing units together with all appurtenances, fixtures, and tenant improvements now or hereafter located on the Development ("**Improvements**"). The Improvements shall be constructed or renovated in accordance with plans and specifications which Borrower has delivered or will deliver to the Agency. Borrower has requested from the Agency a Loan (defined in Section 2.1) for the purpose of such Construction.
- C. The Borrower, in conjunction with the Agency, has agreed to make the Development and Improvements available for leasing to Eligible Residents which consist of a target population identified in Welfare and Institutions Code Section 5600.3 for a period of thirty (30) years.
- D. Based upon the representations of the Borrower the Agency has agreed to provide financing for improvements, renovations and/or rehabilitation to the Development by way of a Loan and pursuant to the terms of this Loan and Disbursement Agreement.
- E. The Loan (defined in Section 2.1) shall be a long term forgivable loan, and funds shall be disbursed in increments during the course of Construction pursuant to Article 4.
- F. Subject to the terms and conditions of this Loan and Disbursement Agreement, the Agency has agreed to fund the various Disbursements which, when combined in total, shall constitute the Loan.

NOW, THEREFORE, Borrower and the Agency agree as follows:

ARTICLE 1. DEFINITIONS

1.1 DEFINED TERMS.

“Authorized Signatory” – means the Borrower’s Executive Director, Deputy Executive Director, or Asset Manager, who are designated by the Borrower to submit Pay Requests (defined below).

“Borrower’s Funds” – means all funds of Borrower made pursuant to the terms and conditions of this Loan and Disbursement Agreement.

“Business Day” – means a day of the week (but not a Saturday, Sunday or State-recognized holiday) on which the offices of the Agency are open to the public for carrying on substantially all of the Agency’s business functions. Unless specifically referenced in this Loan and Disbursement Agreement as a Business Day, all references to “days” shall be to calendar days.

“Pay Request” – means that form used by the Borrower to request Disbursement of the Loan proceeds.

“Completion Date” – means the date scheduled for completion of the Development Improvements which is January 15, 2019.

“Construction” – means either construction of the Improvements, renovation and/or rehabilitation of an existing Development.

“Construction Contract” – means that certain agreement to construct the Improvements dated May 14, 2018, between Borrower and General Contractor (defined below).

“General Contractor” or **“GC”** – means To Be Determined, which Borrower represents is licensed by the State of California as a General Contractor and who will be generally responsible for the construction of the Improvements.

“Hazardous Materials” – shall have the meaning given to such term in Section 7.1(a).

“Hazardous Materials Laws” – shall have the meaning given to such term in Section 7.1(b).

“Plans and Specifications” – shall have the meaning given to such term in **Exhibit “B”** which shall have been approved by the permitting authority.

“Target Population” – shall mean eligible tenants who are entitled to receive benefits pursuant to the California Mental Health Services Act.

“Term” – shall mean the duration of this Loan and Disbursement Agreement which shall be begin on the date of execution by the parties and continue for a period of years unless earlier terminated pursuant to the provisions herein.

“Work” – means the progress of construction of the Improvements.

1.2 EXHIBITS INCORPORATED. Exhibits "A", "B" and "C", all attached hereto, are hereby incorporated into this Disbursement Agreement.

ARTICLE 2. LOAN

2.1 LOAN. Subject to the terms of this Loan and Disbursement Agreement, the Agency agrees to lend to Borrower and Borrower agrees to borrow from the Agency the principal sum of Five Hundred Fifty Thousand Dollars (\$550,000.00) said sum to be evidenced by a Promissory note of even date ("*Promissory Note*") which is in the form attached hereto as **Exhibit "C"**. Amounts disbursed to or on behalf of Borrower pursuant to the Promissory Note shall be used to finance construction of the Improvements and for such other purposes and uses as may be permitted under this Disbursement Agreement.

2.2 LOAN DURATION AND REPAYMENT. The Loan shall be in effect for term of thirty (30) years from the date of its execution and shall bear no interest. All payments of principal shall be deferred during this term unless there is a transfer of the Property and the property no longer serves as rental housing for the target population. In the event Borrower complies with all the terms of this Loan and Disbursement Agreement for a period of ten (10) years following the date of its execution, Agency shall forgive the sum of One hundred eighty-three thousand three hundred thirty-three dollars and thirty-three cents (\$183,333.33) of the Loan. In the event Borrower complies with all the terms of this Loan and Disbursement Agreement for an additional ten (10) year period, Agency shall forgive the additional sum of One hundred eighty-three thousand three hundred thirty-three dollars and thirty-three cents (\$183,333.33) of the Loan. In the event Borrower complies with all the terms of this Agreement for the remaining portion of the term, then at the end of the term, all remaining principal deferred under the Loan shall be forgiven and the Promissory Note shall be considered paid in full. In the event that there is a transfer of the property at any time during the term and the property no longer serves as rental housing for the target population, then all remaining deferred unforgiven principal shall be due and payable immediately.

2.3 REPAYMENT. Borrower shall repay the Loan, in accordance with the provisions of the Promissory Note, which shall incorporate the terms set forth in this Article. Borrower shall have the right to prepay all or a portion of the principal due under the Promissory Note without any charge or penalty being made therefor

ARTICLE 3. CONSTRUCTION

3.1 COMMENCEMENT AND COMPLETION. Borrower shall commence construction of the Improvements without unreasonable delay upon execution of this agreement and shall complete construction of the Improvements on or before the Completion Date.

Force Majeure. Subject to the submission to the Agency of an appropriate change order, the time within which construction of the Improvements must be completed shall be extended for a period of time equal to the period of any delay directly affecting construction which is caused by fire, earthquake or other acts of God, strike, lockout, acts of public enemy, riot, insurrection, or governmental regulation of the sale or transportation of materials, supplies or labor; provided, however, that Borrower shall furnish the Agency with written notice satisfactory to the Agency evidencing any such delay within fifteen (15) days from the occurrence of any such delay.

3.2 CONSTRUCTION CONTRACT. Borrower and Contractor have or will enter into the Construction Contract pursuant to the terms and conditions of which Contractor is to make repair and improvements. Borrower shall require Contractor to perform in accordance with the terms of the Construction Contract and shall not amend, modify or alter the responsibilities of Contractor under the Construction Contract without the Agency's prior written consent which consent shall not be unreasonably held.

3.3 CONSTRUCTION RESPONSIBILITIES. Borrower shall construct the Improvements in a workmanlike manner according to the Plans and Specifications. All materials intended for incorporation into the Improvements shall be adequately secured against loss or damage. Borrower shall comply with all applicable laws, ordinances, rules, regulations, building restrictions, recorded covenants and restrictions, and requirements of all regulatory authorities having jurisdiction over the Improvements. Borrower shall be solely responsible for all aspects of Borrower's business and conduct in connection with the Improvements, including, without limitation, for the quality and suitability of the Plans and Specifications and their compliance with all governmental requirements, the supervision of the work of construction, the qualifications, financial condition and performance of all architects, engineers, contractors, material suppliers, consultants and property managers, and the accuracy of all applications for payment and the proper application of all Disbursements. The Agency is not obligated to supervise, inspect or inform Borrower or any third party of any aspect of the Construction or any other matter referred to above.

3.4 INSPECTIONS. The Agency shall have the right to enter upon the Development at all reasonable times to inspect the Improvements and the Work to verify information disclosed or required pursuant to this Loan and Disbursement Agreement. Borrower agrees to cooperate fully (and to cause the General Contractor to cooperate fully) with the Agency to permit all appropriate access to the Development and to all relevant documents related thereto. Any inspection or review of the Work by the Agency is solely to determine whether Borrower is properly discharging its obligations to the Agency and may not be relied upon by Borrower or by any third party as a representation or warranty of compliance with this Loan and Disbursement Agreement. The Agency shall owe the standard duty of care to Borrower or any third party to protect against, or to inform Borrower or any third party of, any negligent, faulty, inadequate or defective design of the Work or Improvements as reasonably determined by the Agency. The Agency will have the right, at any time, to examine the books, records, plans, shop drawings, specifications, and other documents of Borrower pertaining to the Construction and Work and to make copies thereof.

ARTICLE 4. LOAN DISBURSEMENT

4.1 INITIAL DISBURSEMENT. The initial disbursement of Borrower's Funds in the sum of \$ 550,000.00 shall be made upon delivery of written confirmation by Borrower to Agency of the following:

- (i) That the final Construction Contract, has been executed between Borrower and General Contractor.

- (ii) That all utility services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for the Construction and occupancy of the Development are available at or within the boundaries of the Development, or Borrower has taken all steps necessary to assure that all such services will be available upon completion of the Improvements.
- (iii) That all required permits for Construction have been acquired and approved.
- (iv) That Borrower has in force and effect all insurance as required in Article 5.
- (v) Delivery of a statement verified under penalty of perjury by the General Contractor that it is not affiliated with the Borrower.

4.2 CONDITIONS PRECEDENT. Other than the initial disbursement, Borrower shall submit, and the Agency shall process, one (1) request for disbursement per month. The Agency's obligation to make Disbursements shall be subject to the Borrower's submittal of an executed Pay Request which shall include satisfaction of each of the following conditions precedent:

- (a) No Default. There shall exist no Default, as defined in this Loan and Disbursement Agreement, or event, omission or failure of condition which would constitute a Default after notice or lapse of time, or both.
- (c) Certification of Use of Funds. Borrower shall provide the Agency with such certifications as the Agency shall reasonably require to confirm the application or proposed application of Loan funds for qualified purposes as required by the Agency.
- (d) Other. Borrower shall provide any other reasonably necessary information/requirements which the Agency requests.

Each request for Disbursement shall be submitted at least ten (10) Business Days before the Disbursement is desired. The executed Pay Request must be accompanied by invoices and/or any supporting documentation reasonably sufficient to substantiate the performance of the Work.

4.3 APPLICATION OF DISBURSEMENTS. All Disbursements made to the Borrower shall be applied by the Borrower solely for the purposes for which the funds have been disbursed. The Agency has no obligation to Borrower, other lender, or any other third party to monitor or determine Borrower's use or application of Disbursements.

ARTICLE 5. INSURANCE

5.1 INSURANCE REQUIREMENTS.

(a) Construction Risk. Until actual completion of the Work, and issuance of a Certificate of Occupancy or Notice of Completion, Borrower shall maintain at Borrower's sole expense, with licensed insurers policies of insurance, and such other coverage as may be reasonably required by the Agency.

(b) Insurance Requirements Following Completion of Construction. Borrower agrees to maintain and deliver to Agency adequate hazard insurance policies covering fire and extended coverage for the Improvements and such other hazards that may be deemed appropriate and issued by a company satisfactory to the Agency. The policy of insurance shall include a proof of insurance provision requiring that thirty days prior to cancellation or material change in the policy written notice of same shall be given to the Agency.

5.2 GENERAL. Borrower shall provide the Agency upon request, copies of all certificates of insurance required of Borrower under this Loan and Disbursement Agreement. All insurance policies required by this Loan and Disbursement Agreement shall provide that the insurance shall not be cancelled or materially changed without thirty (30) days prior written notice to the Agency.

ARTICLE 6. REPRESENTATIONS AND WARRANTIES

As a material inducement to the Agency's entry into this Disbursement Agreement, Borrower represents and warrants to the Agency as of the Effective Date and continuing thereafter that:

6.1 AUTHORITY/ENFORCEABILITY. Borrower is in compliance with all laws and regulations applicable to its organization, existence and transaction of business and has all necessary rights and powers to own, develop and operate the Development and Improvements.

6.2 BINDING OBLIGATIONS. Borrower is authorized to execute, deliver and perform its obligations under this Loan and Disbursement Agreement, and such obligations shall be valid and binding obligations of Borrower. Specifically, Borrower designates the Authorized Signatory to make requests for Disbursements.

6.3 NO VIOLATION. Borrower's execution, delivery, and performance under this Loan and Disbursement Agreement and Promissory Note do not: (a) require any consent or approval not heretofore obtained under any partnership agreement, operating agreement, articles of incorporation, bylaws or other document; (b) to the best of Borrower's knowledge, violate any governmental requirement applicable to the Development and Improvements or any other statute, law, regulation or ordinance or any order or ruling of any court or governmental entity; or (c) conflict with, or constitute a breach or default or permit the acceleration of obligations under any agreement, contract, lease, or other document by which the Borrower is or the Development and Improvements are bound or regulated.

6.4 COMPLIANCE WITH LAWS. Borrower has, and at all times shall have obtained, all

permits, licenses, exemptions, and approvals necessary to construct, occupy, operate and market the Development and Improvements, and shall maintain compliance with all governmental requirements applicable to the Development and Improvements and all other applicable statutes, laws, regulations and ordinances necessary for the transaction of its business. The Development is a legal parcel lawfully created in full compliance with all subdivision laws and ordinances.

6.5 LITIGATION. Except as disclosed to the Agency in writing, there are no claims, actions, suits, or proceedings pending, or to Borrower's knowledge threatened, against Borrower which materially affect the Development or Improvements.

6.6 ACCURACY. All reports, documents, instruments, information and forms of evidence delivered to the Agency concerning this Loan and Disbursement Agreement are accurate, correct and sufficiently complete to give the Agency true and accurate knowledge of their subject matter, and do not contain any material misrepresentation or omission.

6.7 OTHER FINANCIAL AGREEMENTS. Borrower has complied with, and shall continue to comply with, all conditions and obligations relating to other sources of financing related to and for the benefit of the Development.

ARTICLE 7. HAZARDOUS MATERIALS

7.1 SPECIAL REPRESENTATIONS AND WARRANTIES. Without in any way limiting the other representations and warranties set forth in this Disbursement Agreement, Borrower hereby specially represents and warrants to the best of Borrower's knowledge as of the date of this Disbursement Agreement as follows:

(a) Hazardous Materials. Except as disclosed in the Phase I environmental reports, the Development is not and has not been a site for the use, generation, manufacture, storage, treatment, release, threatened release, discharge, disposal, transportation or presence of any oil, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances which are "hazardous substances," "hazardous wastes," "hazardous materials," "toxic substances," "wastes," "regulated substances," "industrial solid wastes," or "pollutants" under the Hazardous Materials Laws, as described below, and/or other applicable environmental laws, ordinances and regulations but excluding any materials commonly used in the construction or operation of multifamily housing projects if used in accordance with all applicable requirements (collectively, the "*Hazardous Materials*").

(b) Hazardous Materials Laws. The Development and Improvements are in compliance with all laws, ordinances and regulations relating to Hazardous Materials ("*Hazardous Materials Laws*"), including, without limitation: the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901 et seq.; the Comprehensive Environment Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986, "CERCLA"), 42 U.S.C. Section 9601 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Mine Safety and Health Act of 1977,

as amended, 30 U.S.C. Section 801 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f et seq.; and all comparable state and local laws, laws of other jurisdictions or orders and regulations.

(c) Hazardous Materials Claims. There are no claims or actions pending or threatened against Borrower, the Development or Improvements by any governmental entity or agency or by any other person or entity relating to Hazardous Materials or pursuant to the Hazardous Materials Laws ("Hazardous Materials Claims").

(d) Border Zone Property. The Development has not been designated as Border Zone Property under the provisions of California Health and Safety Code, Sections 25220 et seq. and there has been no occurrence or condition on any real property adjoining or in the vicinity of the Development that could cause the Development or any part thereof to be designated as Border Zone Property.

7.2 HAZARDOUS MATERIALS COVENANTS. Borrower agrees as follows:

(a) No Hazardous Activities. Borrower shall not cause or permit the Development or Improvements to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials.

(b) Compliance. Borrower shall comply and cause the Development and Improvements to comply with all Hazardous Materials Laws.

(c) Notices. Borrower shall immediately notify the Agency in writing of: (i) the discovery of any Hazardous Materials on, under or about the Development and Improvements; (ii) any knowledge by Borrower that the Development and Improvements do not comply with any Hazardous Materials Laws; (iii) any Hazardous Materials Claims; and (iv) the discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Development that could cause the Development or any part thereof to be designated as Border Zone Property.

(d) Remedial Action. In response to the presence of any Hazardous Materials on, under or about the Development or Improvements, Borrower shall immediately take, at Borrower's sole expense, all remedial action required by any Hazardous Materials Laws or any judgment, consent decree, settlement or compromise in respect to any Hazardous Materials Claims.

7.3 HAZARDOUS MATERIALS INDEMNITY. Borrower hereby agrees to hold harmless the Agency, its directors, officers, employees, agents, successors and assigns from and against any and all losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including, without limitation, reasonable attorney fees and expenses) which arise as a direct or indirect consequence of the use, generation, manufacture, storage, disposal, threatened disposal, transportation or presence of hazardous materials at the improvements during the term of this loan and disbursement agreement. The duty of borrower and obligation to defend, indemnify and hold harmless the Agency shall survive the cancellation of the promissory note.

7.4 LEGAL EFFECT OF SECTION 9. Borrower and the Agency agree that: (a) this Article 7

is intended as the Agency's written request for information (and Borrower's response) concerning the environmental condition of the real property security as required by California Code of Civil Procedure § 726.5; and (b) each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the real property security is intended by the Agency and Borrower to be an "environmental provision" for purposes of California Code of Civil Procedure § 736.

ARTICLE 8. COVENANTS OF BORROWER

8.1 OTHER FINANCING. If Borrower has obtained any other commitments for a Construction Loan or permanent financing, Borrower shall not: (a) commit any breach or default under such commitments, or (b) fail to maintain such commitments in full force and effect.

8.2 LEASING. After completion of the Improvements and issuance of a Certificate of Occupancy or Notice of Completion, Borrower shall use its best efforts to lease one hundred percent (100%) of the residential units at the Development to eligible tenants in accordance with the provisions of the Mental Health Services Act.

8.3 FURTHER ASSURANCES. Upon the Agency's request and at Borrower's sole cost and expense, Borrower shall execute, acknowledge and deliver any other instruments and perform any other acts necessary, desirable or proper, as reasonably determined by the Agency, to carry out the purposes of this Loan and Disbursement Agreement.

8.4 ASSIGNMENT. Without the prior written consent of the Agency, Borrower shall not assign Borrower's interest under this Loan and Disbursement Agreement, or in any monies due or to become due thereunder, and any assignment without such consent shall be void. In this regard, Borrower acknowledges that the Agency would not make this Loan except in reliance on Borrower's expertise, reputation, prior experience in developing and constructing real property, and the Agency's knowledge of Borrower.

8.5 NO AMENDMENT. Except as otherwise permitted by the terms of this Loan and Disbursement Agreement, Borrower shall not materially amend or materially modify, nor shall Borrower terminate, any of the following documents, without the Agency's prior written consent (which shall not be unreasonably withheld or delayed) and shall keep in full force and effect the following documents, if applicable, and Borrower shall comply with all terms and provisions thereof: (a) Construction Contract; (b) Architect's Agreement; (c) Engineers' Agreements; and/or (d) Management Agreement.

8.6 PERMITS. Borrower shall upon Agency's request have provided all necessary building and grading permits for construction of the Improvements to the Agency or as soon thereafter as they are customarily available in the ordinary course.

8.7 PROVISIONS TO BE INCLUDED IN CONTRACTS. Borrower agrees that it will include in the Construction Contract and will include or cause the Contractor to include in all agreements with subcontractors (which term for the purpose of this section also shall include material suppliers and equipment lessors) a provision that if the Contractor or any officers or director of the Contractor, or any stockholder holding ten percent (10%) or more of the voting stock of the Contractor, or any person

having directly or indirectly an interest of ten percent (10%) or more in the Contractor, also is a subcontractor or material supplier or stockholder holding ten percent (10%) or more of the voting stock of a subcontractor or material supplier, or directly or indirectly has an interest of ten percent (10%) or more in a subcontractor or material supplier, then the Contractor shall disclose in writing to the Agency the identity of such subcontractor or material supplier and obtain the written approval of the Agency to their use; and if such subcontractor or material supplier is approved by the Agency, the Contractor shall certify simultaneously with the request for any payment to them that the amount paid to them is a fair and reasonable price for the work or materials.

ARTICLE 9. DEFAULTS AND REMEDIES

9.1 DEFAULT. A "Default" shall consist of any breach by Borrower of any covenant, agreement, provision or warranty contained in this Loan and Disbursement Agreement, or the Promissory Note, which breach is not cured within the applicable cure period. Unless a different time period is hereinafter prescribed, in the event of a breach, Agency shall provide to Borrower a written notice of the breach and Borrower shall have thirty (30) days to cure the breach or, if such breach cannot be reasonably cured within thirty (30) days, Borrower shall commence to cure within thirty (30) days and thereafter shall diligently complete such cure. However, if a breach results from an unauthorized Transfer, then there shall be no notice and cure period available to Borrower. If, after the time provided for cure Borrower has not cured the breach and Agency has not expressly waived its rights under this Loan and Disbursement Agreement or under the Promissory Note, the breach shall constitute a default and Agency may pursue the remedies set forth in Article 9.2.

9.2 The occurrence of any one or more of the following shall constitute an event of default ("*Default*") under this Loan and Disbursement Agreement:

(a) Performance of Obligations. Borrower's failure to perform any obligation under this Agreement; provided, however, that if a cure period is provided for the remedy of such failure, Borrower's failure to perform will not constitute a Default until such date as the specified cure period expires; or

(b) Representations and Warranties. The failure of any material representation or warranty of Borrower in this Loan and Disbursement Agreement and the continuation of such failure for more than ten (10) days after written notice to Borrower from the Agency requesting that Borrower cure such failure; or

(c) Voluntary Bankruptcy; Insolvency; Dissolution. (i) The filing of a petition by Borrower for relief under the bankruptcy or laws related to insolvency, or under any other present or future state or federal law regarding bankruptcy, reorganization or other debtor relief law; or (ii) the filing of any pleading or an answer by Borrower in any involuntary proceeding under the Bankruptcy Code or other debtor relief law which admits the jurisdiction of the court or the petition's material allegations regarding Borrower's insolvency; or (iii) a general assignment by Borrower for the benefit of creditors; or (iv) Borrower applying for, or the appointment of, a receiver, trustee, custodian or liquidator of Borrower or any of its property; or

(d) Involuntary Bankruptcy. The failure of Borrower to effect a full dismissal of any involuntary petition under the bankruptcy or laws related to insolvency or under any other debtor relief law that is filed against Borrower or in any way restrains or limits Borrower or the Agency regarding the MHS Permanent Loan, the Development or the Improvements, prior to the earlier of the entry of any court order granting relief sought in such involuntary petition, or sixty (60) days after the date of filing of such involuntary petition; or

(e) Prohibited Transfers. The transfer of any interest in the Development without the prior written consent of the Agency.

(f) Hazardous Materials. The discovery during the term of this Loan and Disbursement Agreement of any significant Hazardous Materials not disclosed in the Phase I report in, on or about the Development or Improvements. Any such Hazardous Materials shall be "significant" for this purpose if said Hazardous Materials, in the Agency's sole discretion, have a materially adverse impact on the value of the Development and Improvements; or

(g) Taxes and Insurance. Failure of the Borrower to pay when due all premiums or amounts owing for property taxes and insurance required of Borrower pursuant to this Loan and Disbursement Agreement;

(h) Organizational Documents. The occurrence of a default under the Borrower's organizational documents after expiration of applicable cure periods; or

(i) Construction; Use. (i) There is any material deviation in the Work or Construction from the Plans and Specifications or governmental requirements or the appearance or use of defective workmanship or materials in constructing the Improvements, and Borrower fails to remedy the same to the Agency's satisfaction within thirty (30) days of the Agency's written demand to do so; or (ii) there is a cessation of construction of the Improvements prior to completion for a continuous period of more than fifteen (15) days (except as caused by an event of force majeure for which a longer delay may be permitted under Article 3); or (iii) the construction, sale or leasing of any of the Improvements in accordance with the MHS Permanent Loan Documents is prohibited, enjoined or delayed for a continuous period of more than thirty (30) days (except as caused by an event of force majeure for which a longer delay may be permitted under Article 4); or (iv) utilities or other public services necessary for the full occupancy and utilization of the Development and Improvements are curtailed for a continuous period of more than thirty (30) days.

9.3 ACCELERATION UPON DEFAULT; REMEDIES. Upon the occurrence of any Default specified in this Article 9, after giving notice and reasonable opportunity to cure which is not satisfied, the Agency may, at its sole option, declare all sums owing to the Agency under the Promissory Note and this Loan and Disbursement Agreement, immediately due and payable. Upon such acceleration, the Agency may, in addition to all other remedies permitted under this Loan and Disbursement Agreement and at law or equity, apply any sums held by the Agency to the sums owing thereunder and any and all obligations of the Agency to fund further Disbursements shall terminate.

9.4 AGENCY'S CESSATION OF CONSTRUCTION. If the Agency determines at any time that the Improvements are not being constructed in accordance with the Plans and Specifications and all governmental requirements, the Agency may immediately cause all construction to cease on any

of the Improvements affected by the condition of nonconformance. Borrower shall thereafter not allow any construction work, other than corrective work, to be performed on any of the Improvements affected by the condition of nonconformance until such time as the Agency notifies Borrower in writing that the nonconforming condition has been corrected.

9.5 RIGHTS CUMULATIVE, NO WAIVER. All the Agency's rights and remedies provided in this Disbursement Agreement together with those granted by law or at equity, are cumulative and may be exercised by the Agency at any time. No waiver shall be implied from any failure of the Agency to take, or any delay by the Agency in taking, action concerning any Default or failure of condition under this agreement or from any previous waiver of any similar or unrelated Default or failure of condition. Any waiver or approval under this agreement must be in writing and shall be limited to its specific terms.

ARTICLE 10. MISCELLANEOUS PROVISIONS

10.1 INDEMNITY. Borrower hereby agrees to defend, indemnify and hold harmless the agency, its directors, officers, employees, agents, successors and assigns from and against any and all losses (direct, indirect or consequential), damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including, without limitation, reasonable attorney fees and expenses), except arising solely from the agency's gross negligence or willful misconduct, the Agency may incur as a direct or indirect consequence of: (a) the purpose to which borrower applies the loan proceeds; (b) the failure of borrower to perform any obligations as and when required by this loan and disbursement agreement and, (c) any failure at any time of any of borrower's material representations or warranties to be true and correct; or (d) any act or omission by borrower, constituent partner or member of borrower with respect to any of the Development or Improvements.

10.2 NO THIRD PARTIES BENEFITED. Person other than the Agency and Borrower and their permitted successors and assigns shall have any right of action under this Loan and Disbursement Agreement.

10.3 NOTICES. All notices, demands, or other communications under this Loan and Disbursement Agreement shall be in writing and shall be delivered to the appropriate party at the address set forth on the signature page of this Agreement. All notices, demands or other communications shall be considered as properly given if delivered personally or sent by first class United States Postal Service mail, postage prepaid, except that notice of a Default may be sent by certified mail, return receipt requested, or by overnight express mail or by overnight commercial courier service, charges prepaid. Notices so sent shall be effective three (3) Business Days after mailing, if mailed by first class mail, and otherwise upon receipt; provided, however, that non-receipt of any communication as the result of any change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

10.4 RIGHT OF CONTEST. Borrower may contest in good faith any claim, demand, levy or assessment by any person other than the Agency which would constitute a Default if: (a) Borrower pursues the contest diligently, in a manner which the Agency reasonably determines is not materially prejudicial to the Agency, and does not significantly impair the rights of the Agency under this Loan and Disbursement Agreement or the Promissory Note. Borrower's compliance with this Section shall operate to prevent such claim, demand, levy or assessment from becoming a Default.

10.5 RELATIONSHIP OF PARTIES. The relationship of Borrower and the Agency under this agreement is, and shall at all times remain, solely that of borrower and lender. The Agency neither undertakes nor assumes any responsibility or duty to Borrower or to any third party with respect to the Development or Improvements, except as expressly provided in this Loan and Disbursement Agreement and Promissory Note. Nothing contained in this Agreement shall be interpreted or understood by any of the parties, or by any third person, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between Agency and Borrower or its agents, employees or contractors. Except as Agency may specify in writing, Borrower shall have no authority to act as an agent of Agency or to bind Agency to any obligation.

10.6 ATTORNEY'S FEES. If an action is instituted on this Loan and Disbursement Agreement, by either party, the party prevailing, in addition to the costs and disbursements allowed by law, shall be allowed such sum as the court may adjudge as reasonable attorney's fees.

10.7 PARTY'S CONSENT. Wherever in this Disbursement Agreement there is a requirement for the party's consent and/or a document to be provided or an action taken "to the satisfaction of the party", it is understood by such phrase that the party shall exercise its consent, right or judgment in a reasonable manner given the specific facts and circumstance applicable at the time.

10.8 AGENTS. Either party may designate an agent to exercise any of rights under this Loan and Disbursement Agreement. Any reference to a party in this Loan and Disbursement Agreement and Promissory Note shall include that party's agents, or employees.

10.9 TAX SERVICE. The Agency is authorized to secure a tax service contract with a third party vendor which shall provide tax information on the Development and Improvements satisfactory to the Agency.

10.10 SEVERABILITY. If any provision or obligation under this Loan and Disbursement Agreement or Promissory Note shall be determined to be invalid, illegal or unenforceable, that provision shall be deemed severed and the validity, legality and enforceability of the remaining provisions or obligations shall remain in full force as though the invalid, illegal, or unenforceable provision had never been a part of same.

10.11 HEIRS, SUCCESSORS AND ASSIGNS. Except as otherwise expressly provided under the terms and conditions of this Loan and Disbursement Agreement and Promissory Note, the terms shall bind and inure to the benefit of the heirs, successors and assigns of the parties.

10.12 TIME. Time is of the essence of each and every term of this Loan and Disbursement Agreement.

10.13 HEADINGS. All Articles, section or other headings appearing in this Loan and Disbursement Agreement are for convenience of reference only and shall be disregarded in construing this Disbursement Agreement.

10.14 GOVERNING LAW. This Loan and Disbursement Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California.

10.15 ARBITRATION. Any dispute, controversy or claim arising out of or relating in any way to this Disbursement Agreement, or the Promissory Note, including without limitation any dispute concerning the construction, validity, interpretation, enforceability or breach of same shall be exclusively resolved by binding arbitration upon a Party's submission of the dispute to arbitration. In the event of such dispute, the complaining Party shall notify the other Party in writing thereof. Within thirty (30) days of such notice, management level representatives of both Parties shall meet at an agreement location to attempt to resolve the dispute in good faith. Should the dispute not be resolved within thirty (30) days after such notice, the complaining Party shall seek remedies exclusively through arbitration. The demand for arbitration shall be made within a reasonable time after the claim, dispute or other matter in question has arisen, in accordance with the Statute of Limitations. A Party may apply to any court with jurisdiction for interim or conservatory relief, including without limitation a proceeding to compel arbitration. Arbitration shall be administered by the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

10.16 INTEGRATION; INTERPRETATION. This Loan and Disbursement Agreement and the Promissory Note contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. Neither shall be modified except by written instrument executed by all parties. Any reference to this Loan and Disbursement Agreement and Promissory Note includes any amendments, renewals or extensions now or hereafter approved by the parties in writing.

10.17 COUNTERPARTS. To facilitate execution, this document may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single document.

IN WITNESS WHEREOF, Borrower and the Agency have executed this Disbursement Agreement as of the date appearing on the first page of this Disbursement Agreement.

{SIGNATURES FOLLOW ON NEXT PAGE}

BORROWER:

HOUSING AUTHORITY OF THE
COUNTY OF STANISLAUS

Name: Barbara S. Kauss

Title: Executive Director

Signature: Michelle Gonzalez
FOR: Barbara S. Kauss

AGENCY:

STANISLAUS COUNTY

Name: Rick DeGette

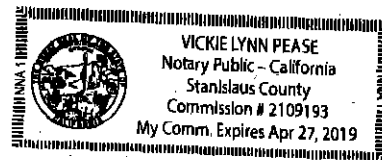
Title: Behavioral Health Director

Signature: [Handwritten Signature]

APPROVED AS TO FORM:
STANISLAUS COUNTY COUNSEL

BY Marci Hardley

DATE: 10-19-2018



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

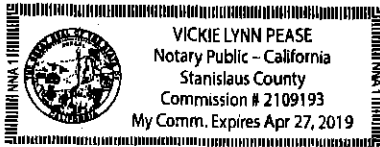
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Stanislaus)
On 12/13/18 before me, VICKIE LYNN PEASE NOTARY PUBLIC
Date Here Insert Name and Title of the Officer
personally appeared Richard DeGETTE
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Vickie Lynn Pease
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: LOAN AND DISBURSMENT AGREEMENT

Document Date: 12/13/18 Number of Pages: 16

Signer(s) Other Than Named Above: Michelle Gonzalez for Barbara Kauss

Capacity(ies) Claimed by Signer(s)

Signer's Name: Richard DeGETTE

- Corporate Officer — Title(s): _____
- Partner — Limited General
- Individual Attorney in Fact
- Trustee Guardian or Conservator
- Other: _____

Signer Is Representing: BARS

Signer's Name: _____

- Corporate Officer — Title(s): _____
- Partner — Limited General
- Individual Attorney in Fact
- Trustee Guardian or Conservator
- Other: _____

Signer Is Representing: _____

Borrower's Address:

PO Box 581918

Modesto, CA 95358-0033

Agency's Address:

800 Scenic Dr.

Modesto CA 95350

Exhibits

- A Legal Description
- B Plans and Specifications
- C Form of Promissory Note

LEGAL DESCRIPTION EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel One:

The South 142 feet of the East 80 feet of the West 315 feet of the South half of Lot 4 of Coolidge Colony, as per map thereof filed for record November 15, 1910 in Volume 5 of Maps, at page 17, Stanislaus County Records.

Parcel Two:

Parcel 2, as per that certain parcel map thereof filed for record December 13, 1965, in Book 1 of Parcel Maps, page 17, Stanislaus County Records.

Parcel Three:

The East 165 feet of the West 315 feet of the South half of Lot 4 of Coolidge Colony, as per map thereof filed for record November 15, 1910 in Volume 5 of Maps, at page 17, Stanislaus County Records.

EXCEPTING THEREFROM the West 70 feet thereof.

ALSO EXCEPTING THERE FROM the South 142 feet of the East 80 feet thereof.

Parcel Four:

The West 70 feet of the following described property: The East 165 feet of the West 315 feet of the South half of Lot 4 of Coolidge Colony, as per map thereof filed for record November 15, 1910 in Volume 5 of Maps, at page 17, Stanislaus County Records.

APN: 31-001-046

EXHIBIT B – DESCRIPTION OF PLANS AND SPECIFICATIONS

Plans and specifications prepared by TPH Architect are on file at the offices of the Borrower.

EXHIBIT C – FORM OF PROMISSORY NOTE

**LOAN AND DISBURSEMENT AGREEMENT
PROMISSORY NOTE**

\$550,000.00

Modesto, Stanislaus County, California September 10, 2018

FOR VALUE RECEIVED, THE HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS (hereinafter "Borrower"), promises to pay to the Behavioral and Rehabilitation Services of Stanislaus County ("Agency") pursuant to Article 2.1 of the LOAN AND DISBURSEMENT AGREEMENT of even date (hereinafter "Agreement") in reference to the construction of certain improvements consisting of ten (10) units of affordable multi-family housing. By this reference, the Agreement is fully incorporated herein. The outstanding principal balance of the loan shall accrue zero percent interest.

G. TERM: The terms of this note (the "term") shall begin on the date of execution of this note and shall terminate upon repaying in full of the debt evidenced by this Note pursuant or shall terminate upon forgiveness of the debt evidenced by this Note pursuant to the provision of Article 2.2 of the Agreement

H. PAYMENT Principal shall be payable in the manner set forth in Article 2.1 of the Agreement.

I. PREPAYMENT. Borrower shall have the right to prepay all or a portion of the principal due under this Note without any charge or penalty being made therefor.

J. ACCELERATION. Upon the occurrence of a default as set forth in Article 9 of the Agreement, Agency shall have the right to accelerate the debt evidenced by this Note and declare all of the unpaid principal, if any, immediately due and payable. Any failure by Agency to pursue its legal and/or equitable remedies upon default by Borrower shall not constitute a waiver of Agency's right to declare a default by Borrower and exercise all of its rights under this Note and the Agreement. Nor shall acceptance by Agency of any payment provided herein constitute a waiver of Agency's right to require prompt payment of any remaining payment owed.

K. NO OFFSET. Borrower hereby waives any rights of offset it now has or may hereafter have against Agency, its successors and assigns and agrees to make the payments called for herein in accordance with the terms of this Note and the Agreement

2 ATTORNEYS FEES. If an action is instituted on this Note, the prevailing party shall be entitled to its attorney's fees and costs pursuant to Article 10.6 of the Agreement.

3 MANNER AND PLACE OF PAYMENT. All payments of principal, if applicable, due under this Note, shall be payable in lawful money of the United States of America at the office of Agency, ~~Box~~ Modesto, California 95354 or such other address as Agency may designate in writing.

THE HOUSING AUTHORITY OF THE
COUNTY OF STANISLAUS

By: Michele Gonzales ^{FOR:} Barbara S. Fauss

Name: Dir Michele Gonzales

Title: Director, HCW Programs Administration

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document and not the truthfulness, accuracy, or validity of the document.

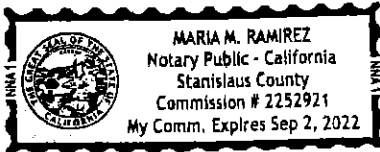
State of California

County of Stanislaus } ss.

On 10/23/18, before me, Maria M Ramirez, Notary Public,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

Personally appeared Michele Gonzales
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Maria M Ramirez
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
 Corporate Officer - Title(s): _____
 Partner - Limited General
 Attorney in Fact
 Guardian or Conservator

Representing: _____

RIGHT
THUMBPRINT
OF SIGNER
Top of thumb here

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
 Corporate Officer - Title(s): _____
 Partner - Limited General
 Attorney in Fact
 Guardian or Conservator

Signer Is Representing: _____

RIGHT
THUMBPRINT
OF SIGNER
Top of thumb here

HOUSING AUTHORITY COUNTY OF STANISLAUS
CONTINUUM OF CARE – SHELTER PLUS CARE OVERVIEW

REFERRAL PROCESS:

- Majority of referrals received through Behavioral Health and Recovery Services, the Stanislaus County Mental Health/Substance Abuse Governmental Agency
- Referrals are either homeless or in transitional and were formerly homeless
- If from transitional housing, initially came from the streets, ES, respite centers. BHRS Homeless Outreach Team identifies homeless persons, engages, identifies level of care and responds by referring for various homeless programs depending upon the clients needs
- Information gathering for a homeless referral for the SPC program comes directly from the case managers who verify/document homeless history/circumstances. This data comes from BHRS electronic health records which is also used for Medi-Cal billing purposes. This is the data that is also obtained to verify the “match” of supportive services BHRS provides for the Stanislaus County SPC Program.
- Referrals are prioritized by level of need, with those needing the highest level of care (requiring the Full Service Partnerships identified in the services received section below), then if no eligible clients, those who are currently receiving services through the Mental Health Services Act.
- Referrals for SPC may also be received through the homeless outreach workers and if not eligible, are not processed as a referral

HOUSING COMPONENT OF SPC

- As identified in the MOU, the Housing Authority County of Stanislaus (HACS) received referrals from BHRS based on the housing needs of the clients eligible for the COC-SPC Program
- The HACS conducts the initial and annual income/eligibility review and issues a Certificate of eligibility for SPC eligible households
- The HACS offers listings of units available on the open market
- The HACS conducts the initial and annual HQS Inspection for the rental units
- The BHRS Housing/Employment Division case managers work with the SPC eligible households in advocating with landlords and assisting in locating housing on the open market. BHRS may also assist with move-in costs if funds are available

- The HACS will assist with up to one month's rent for security deposit.

SUPPORTIVE SERVICE COMPONENT OF SPC

- COC-SPC eligible program participants receive supportive services from BHRS or a referring agency.
- BHRS has developed a "Full Service Partnership" Team within BHRS that consists of a team of case managers, clinicians, psychiatrists, doctors, nurses, housing and employment specialists, and/or other specialists as needed, who work with each SPC program participant. Depending upon the level of care needed, it may include all or some of the team members.
- Based on the number of program participants (115), the BHRS employee to program participant ratio is approximately one staff person for every 15 SPC program participants
- The level of needs for each client may require constant client contact or may require less contact depending upon each individual participating in the program. The assessments are conducted for each client every six months initially and may graduate to annually
- Due to the level of supportive services provided as the match for housing subsidy, program participants receive the level of care which enables them to locate and retain housing stability, reducing the potential for persons participating to return to a homeless situation.

COORDINATION BETWEEN HACS AND BHRS

- Meetings are held at least quarterly to go over the availability of SPC
- Last meeting held was 9/19 and next meeting will be 11/28/18
- If a client is in distress and the owner contacts the HACS, the HACS will communicate to BHRS of the need for intervention services. The BHRS is also in routine communication with the HACS when they identify any issues.
- In the event a client is unable to continue to retain housing for a limited amount of time in order to address health issues, the HACS delays any action in order to allow time for the resident to address health issues which may be preventing them from living independently
- HACS and BHRS have been one of the lead agencies within the COC for the past 23 years.
- BHRS staff understand the homeless definitions and routinely participate in the monthly COC meetings along with the quarterly Round Tables held in the Central Valley for COC jurisdictions.

- Within BHRS there is a Housing and Employment Division. These are the specialists who refer SPC eligible clients to the HACS.



Housing Authority of the County of Stanislaus

...also serving Alpine • Anadix • Calaveras • Inyo • Mariposa • Mono • Tuolumne Counties.

RESOLUTION NO. 17-18-08

RESOLUTION APPROVING THE EXECUTIVE DIRECTOR TO ASSIGN SIGNORS FOR THE HOUSING AUTHORITY OF THE COUNTY OF STANISLAUS

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Stanislaus desires to approve the Executive Director to designate signors

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Stanislaus agree to allow the Executive Director to appoint designated staff to sign when the Executive Director is away from the office to prevent delays in day to day operations

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the County of Stanislaus, that:

1. Approves the Executive Director to appoint designated signors
2. This resolution shall take effect immediately.

DULY AND REGULARLY ADOPTED by the Board of Commissioners of the Housing Authority of the County of Stanislaus this 9th day of November, 2017

On motion of Commissioner Haile, seconded by Commissioner Degele, and on the following roll call vote: Commissioner Ploof, Commissioner Degele, Commissioner Cheeseman, Commissioner Haile, Vice Chair Hoek and Chairperson Estacio

AYES:

NAYS: None

ABSTAIN: Commissioner Griggs

ABSENT: Commissioner Griggs

Approved: _____

Chairman

Attest: _____

Secretary

Authorized Person's for the Housing Authority of the County of Stanislaus:

1. Linh Luong, Director of Finance
2. Jim Kruse, Deputy Director/Clerk of the Board
3. Michele Gonzales, Director of Housing Choice Voucher Program