

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Cedillo-Alarcón Community Clinic Investment Act of 2000
STAFF SUMMARY

Name: Inland Behavioral and Health Services, Inc. ("IBHS")
D.B.A. IBS Community Health Care Clinic
Address: 1932 North E Street
San Bernardino, CA 92405
County: San Bernardino

Purpose of Request:

Staff is requesting the Authority rescind a grant previously awarded to IBHS in the amount of \$250,000. IBHS is unable to meet the contingency to secure other funding sources (money in hand) prior to December 1, 2004, in order for funds to be disbursed.

Original Project Description:

Grant funds were approved to purchase and remodel an existing building to expand services.

Background:

IBHS received a first round grant in the amount of \$250,000 in August 2001 to purchase an existing building in San Bernardino; however, the funds would not be disbursed until all contingencies were satisfied. IBHS was unable to complete this building purchase because the owner became impatient and sold it to another buyer. IBHS requested and was given approval by the Executive Director to revise its project to purchase another property and build a new clinic. The cost of the revised project totals approximately \$4.75 million. In addition to the grant funding, IBHS is seeking bond financing through the California Statewide Communities Development Authority (CSCDA) in the amount of \$4.5 million, to be insured by Cal Mortgage. An extension and new contingencies for funding were approved at the Authority's January 2002 meeting, providing IBHS until July 2002 to meet its requirements.

The Authority's grant was forfeited in July 2002 when IBHS was unable to meet the contingency of the grant. IBHS declined staff's recommendation to appear before the Authority to seek an extension. In August 2003, IBHS requested reinstatement of the grant. IBHS was approved for the grant at the Authority's October 2003 meeting with a deadline of April 2004. IBHS requested and staff approved another extension until December 1, 2004, for IBHS to meet the contingency for funding. As of November 24, 2004, IBHS has not met the contingency of securing the other funds necessary to begin the project. (A timeline has been attached.)

At this time, IBHS has not been able to close the bond financing with CSCDA. According to Cal-Mortgage, the construction contracts for the buildings in San Bernardino were bid at a higher amount than was originally anticipated. Cal-Mortgage has indicated that it will not approve additional funding for the project. In addition, IBHS is required to re-bid the construction contract due to contingency required by Cal Mortgage. Therefore, IBHS must re-negotiate the construction contract at a lower amount.

Legal Review:

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the Applicant.

Basis for Negative Recommendation:

IBHS has experienced many delays for the proposed project and is the only clinic unable to meet the required contingencies of funding. As previously stated, IBHS must re-negotiate its construction contract and is unable to determine an accurate timeline to complete its process to secure all funds necessary for grant funding.

Recommendation:

Staff recommends the Authority rescind the grant previously awarded to Inland Behavioral and Health Services, Inc., in the amount of \$250,000.

August 2001

Grant was awarded at the August 2001 Authority Meeting to purchase a building in San Bernardino.

September 2001

IBHS contacted the Authority to inquire regarding the grant. IBHS had not contacted Cal Mortgage.

December 2001

IBHS purchased land.

January 2002

IBHS asked for a change in project, which was approved by the Executive Director. In addition, IBHS requested an extension of May 2002 at January 2002 Authority meeting. The Authority granted IBHS an extension with an additional six weeks giving IBHS a deadline of July 2002. At this time, IBHS had not contacted Cal Mortgage. Authority staff contacted Cal Mortgage so that IBHS could begin the application process.

March 2002

IBHS submitted application to Cal Mortgage.

June 2002

Staff notified IBHS of upcoming grant deadline of July 12, 2002.

July 2002

IBHS was unable to meet contingency of secured other funding. IBHS declined staff's offer to appear before the Authority at its July 2002 meeting to request an extension. Grant was forfeited.

August 2003

IBHS asked for the grant to be reconsidered.

October 2003

IBHS was granted a six-month extension at the October 2003 Authority Meeting.

January 2004

Staff notified IBHS of upcoming grant deadline of April 30, 2004.

April 2004

IBHS did not meet the contingency requirement for the grant. A six-month extension request was granted to December 1, 2004.

September 2004

Staff notified IBHS of upcoming grant deadline of December 1, 2004.

November 2004

Staff notified IBHS of upcoming grant deadline of December 1, 2004. IBHS notified staff of project status and timeline with an estimated project completion date of January 2006.