



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

PALOMA AGUIRRE
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: August 26, 2025

DRAFT

XX

TO: Board of Supervisors

SUBJECT

UPDATE ON SUBSTANCE USE DISORDER OPTIMAL CARE PATHWAYS MODEL, AUTHORIZE AND ADOPT A RESOLUTION TO APPLY FOR THE BOND BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM, AND AUTHORIZE EXPANDED USE OF BEHAVIORAL HEALTH BRIDGE HOUSING ROUND 1 GRANT FUNDS (DISTRICTS: ALL)

OVERVIEW

On March 4, 2025 (1), the San Diego County Board of Supervisors (Board) held a special session Board Conference and received information from the County of San Diego (County) Health and Human Services Agency (HHSA), Behavioral Health Services (BHS) on the Substance Use Disorder Optimal Care Pathways (SUD OCP) model, which aims to increase capacity within the substance use system of care to improve access to treatment and support services for Medi-Cal beneficiaries. The SUD OCP model builds on the original Mental Health OCP model approved by the Board in 2022, by identifying additional capacity needs to improve care pathways for people with substance use conditions. This special session presented background on the SUD OCP model and a high-level analysis of capacity needed to achieve an ideal future state. As directed by the Board, today's action provides an update on all activities to date including actions that have enhanced capacity across substance use treatment services as outlined in the SUD OCP model. Today's actions also seek to expand access to critical services, including expanding access to substance use treatment beds and short-term bridge housing, identified in the SUD OCP model. These and other enhancements will expand substance use transitional support, residential treatment, outpatient services and housing.

In addition to those actions, on May 30, 2025, the California Department of Health Care Services (DHCS) released a request for applications for the Round 2 Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) that will provide \$800 million in competitive grant funds to counties, cities, tribal entities, nonprofit, and for-profit entities, for behavioral health capital infrastructure. Planning is underway, in partnership with County Department of General Services, to identify an eligible Bond BHCIP Round 2 capital project that would further expand access to substance use treatment services for Medi-Cal members.

Lastly, on July 18, 2023 (15), the Board authorized acceptance of Behavioral Health Bridge Housing (BHBH) Round 1 grant funds to increase capacity within licensed adult and senior

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residential care facilities, also referred to as licensed board and care facilities, as outlined within the Mental Health OCP model. BHBH Round 1 grant funds must be spent by June 30, 2027. To allow for flexibility and maximize the use of grant funds in alignment with the expenditure timeline, BHS proposes to broaden the scope of BHBH grant funds to include short-term bridge housing for people experiencing homelessness who are living with serious mental illness and/or substance use conditions.

Today's actions request the Board to receive the update regarding the SUD OCP model, to authorize the submission of a Bond BHCIP Round 2 grant application and adoption of BHCIP Round 2 Authorizing Resolution, and to authorize expanded use of BHBH Round 1 grant funds, in alignment with State guidance, to include increased access to short-term bridge housing for people who are Medi-Cal eligible.

These actions support the County vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. This will be accomplished through further strengthening the continuum of behavioral health services by expanding care in San Diego County and updating the guidelines that support these critical services.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Receive the update on the Substance Use Disorder Optimal Care Pathways model.
2. Pursuant to Board Policy B-29, authorize the Deputy Chief Administrative Officer, Health and Human Services Agency to submit a Bond BHCIP Round 2: Unmet Needs competitive grant application to support behavioral health capital infrastructure, including substance use and/or mental health services.
3. Adopt a Resolution entitled BOND BHCIP ROUND 2: UNMET NEEDS BOARD AUTHORIZING RESOLUTION to authorize the Deputy Chief Administrative Officer, Health and Human Services Agency, to execute the Bond BHCIP Round 2: Unmet Needs competitive grant application, program funding agreement, and related documents.
4. Authorize expanded utilization of one-time Behavioral Health Bridge Housing Round 1 grant funding accepted by the Board on July 18, 2023 (15) to include short-term bridge housing for individuals experiencing homelessness and living with serious mental illness and/or substance use conditions, and authorize the Deputy Chief Administrative Officer, Health and Human Services Agency, or designee to execute all required documents, upon receipt, including any annual extensions, amendment, or revisions that do not materially impact or alter the services.

EQUITY IMPACT STATEMENT

The County of San Diego Behavioral Health Services (BHS) serves as the delivery system for substance use care for Medi-Cal eligible residents, aiming to ensure services are accessible,

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culturally responsive, aligned with the needs of diverse populations, and equitably distributed to reach those most in need. Expanding capacity through the Substance Use Disorder Optimal Care Pathways (SUD OCP) model is a critical step toward delivering client-centered, evidence-based care that is responsive to communities disproportionately affected by substance use.

According to data from the California Department of Health Care Access and Information, in 2023, there were 16,521 discharges from San Diego County emergency departments with a primary diagnosis of substance use disorder, with rates significantly higher among Non-Hispanic Black residents and individuals living in lower income ZIP Codes. Nationally, data from the National Survey on Drug Use and Health highlight a persistent treatment gap – in 2023, an estimated 19% of the United States population needed substance use treatment in the past year, yet only 1 in 4 received treatment, with young adults between the ages of 18 to 25 and individuals who identified as Non-Hispanic American Indian/Alaska Native or Multiracial reporting the greatest need for substance use treatment.

Locally, the SUD OCP model aims to close these treatment gaps and strengthen the capacity of the County's substance use system of care, ultimately advancing health equity given the longstanding disparities in substance use outcomes across our communities. It is aligned with the BHS vision to achieve a transformational shift from a model of behavioral health care driven by crisis to one driven by chronic or continuous care and prevention through the equitable distribution and coordination of resources to keep people connected, stable, and healthy.

SUSTAINABILITY IMPACT STATEMENT

Today's actions support the County of San Diego (County) Sustainability Goal #2 to provide just and equitable access to County services. The Substance Use Disorder Optimal Care Pathways (SUD OCP) model aims to expand access to substance use treatment by building a more integrated system of care to ensure that services reach historically underserved communities.

These actions also support Sustainability Goal #4 to protect the health and well-being of everyone in the region. By shifting the focus from crisis-driven services to prevention and ongoing care, the SUD OCP model promotes long-term rehabilitation and reduces strain on emergency services, creating a more sustainable system of care.

FISCAL IMPACT

Recommendation 1

There is no fiscal impact associated with this recommendation. There will be no change in net General Fund costs and no additional staff years.

Recommendations 2 and 3

There is no fiscal impact associated with these recommendations. If awarded grant funding, the department will return to the Board at a future date with additional recommendations. At this time, there will be no change in net County General Fund cost and no additional staff years.

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Recommendation 4

There is no new fiscal impact associated with this recommendation. The inclusion of short-term bridge housing for individuals experiencing homelessness and living with serious mental illness and/or substance use conditions is within current allocation, included in FY 2025-26 Operational Plan. If there are future fiscal impacts associated with this recommendation, the department will return to the Board for approval. There will be no change in net General Fund costs and no additional staff years.

At this time, federal policy changes may have significant impacts on the financial sustainability of local mental health and substance use treatment programs funded through Medicaid, or Medi-Cal in California. Therefore, any significant Medicaid policy changes will impact the County's ability to financially sustain behavioral health Medi-Cal programs. Additionally, current growth in realignment funding, which is used as a match to federal expenditures, has not kept pace with operating increases for existing programs.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

At their meeting on August 7, 2025, the Behavioral Health Advisory Board voted to [REDACTED] these recommendations.

BACKGROUND

On March 4, 2025 (1), the San Diego County Board of Supervisors (Board) held a special session Board Conference and received information from County of San Diego (County) Health and Human Services Agency, Behavioral Health Services (BHS) on the Substance Use Disorder Optimal Care Pathways (SUD OCP) model, which aims to increase capacity within the substance use system of care to improve access to treatment and support services for Medi-Cal beneficiaries. As directed by the Board, today's action provides an update on all activities to date.

The SUD OCP model provided a high-level analysis of capacity needed to achieve an ideal future state. Using a combination of local and national data, along with best practice research, the SUD OCP model estimates the optimal service levels and capacity needed to more effectively meet the needs of beneficiaries. It also incorporated estimates of how demand for services would change if we, as a community, can successfully implement foundational changes in how we reach individuals in crisis, breaking the cycle to prevent future hospitalizations, justice involvement, and mortality risk.

The SUD OCP model responds to the unique challenges of substance use in a manner that is client-centered, community-based, and grounded in proven evidence-based practices. Though not inclusive of all substance use care options, expanding the identified services will be the most impactful in helping people get connected and stay connected to care throughout their lives. Based

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on the SUD OCP model, BHS is taking action to build substance use capacity within the following areas to support are more optimally designed continuum of care.

Transitional Support

Transitional support provides short-term care for adults who do not need to be in the hospital but need additional support to recover. In July 2025, 25 new recuperative care beds in North Inland Region began providing services to adults with serious behavioral health conditions and complex medical needs who are Medi-Cal eligible or enrolled in transitioning from hospital settings to appropriate care environments. Eight recuperative care beds are anticipated to be operational in East Region by September 2025. Additionally, 16 recuperative care beds will also be located within the County-owned Substance Use Residential and Treatment Services (SURTS) facility, which is estimated to complete renovation in Summer 2026. Planning is underway for the development of peer respite services and BHS will return to the Board with future recommendations.

Substance Use Residential Care

Within the SURTS facility, 73 new substance use residential treatment beds are anticipated to begin providing care upon the completion of facility renovations expected to cost about \$29 million. Substance use residential treatment beds provide a safe, supportive environment for people to live while they work on reducing their use of drugs or alcohol. Services include therapy, medical support, activities to improve health and well-being, medication-assisted treatment, withdrawal management, and other services. Since renovations began in January 2025, the SURTS project has made steady progress across both the residential and annex buildings including extensive roof structural work, mechanical, electrical, plumbing, underground utility, and other foundational improvements.

Substance Use Outpatient Care

Substance use outpatient care provides community-based treatment and recovery support services. During Fiscal Year (FY) 2024-25, BHS significantly increased access to Medication-Assisted Treatment (MAT) and Ambulatory Withdrawal Management (AWM) services with the goal of making both services available at most outpatient sites by the end of the FY. MAT combines the use of medications, counseling, and therapeutic interventions to treat substance use disorders and prevent opioid overdose. In FY 2024-25, four new contracted providers began offering on-site MAT services, for a total of 10 providers, with seven more providing linkages through other community providers. AWM is a clinical-based service that helps people safely withdraw from drugs or alcohol in an ambulatory setting by monitoring and treating symptoms associated with reducing or stopping substance use. During FY 2024-25, BHS provided 506 new AWM slots with an additional 446 slots anticipated to be implemented in FY 2025-26.

In November 2024, 50 new narcotic treatment program (NTP) slots were added within the Revive Pathway program in El Cajon, an entity wholly owned by the Viejas Band of Kumeyaay Indians. In April 2025, an additional 50 new NTP slots were added to the Revive Pathway program,

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bringing the total number of treatment slots to 250, and planning is underway with the provider to potentially add additional NTP slots.

Housing Resources

BHS remains steadfast in its commitment to identifying and expanding housing resources, with a particular focus on short-term bridge housing and recovery residences, which serve as critical components in the SUD OCP model. Short-term bridge housing provides temporary, stable accommodations for individuals transitioning out of crisis situations or homelessness while they work toward securing permanent housing. Recovery residences offer safe, supportive living environments that promote sobriety and wellness for individuals in early recovery from substance use disorders, and all include access to outpatient treatment or recovery support services.

On July 18, 2023 (15), the Board authorized acceptance of \$44.3 million of Behavioral Health Bridge Housing (BHBH) Round 1 grant funds to increase capacity within licensed adult and senior residential care facilities, also referred to as licensed board and care facilities, as outlined within the Mental Health OCP model. Through the BHBH grant, \$16.7 million was awarded to seven providers to increase capacity by 221 board and care slots; however, \$27.6 million in remaining grant funding must still be spent by June 30, 2027. Today's action requests the Board to authorize expanded use of BHBH Round 1 grant funds, in alignment with State guidance, to include increased access to short-term bridge housing for individuals experiencing homelessness and living with serious mental illness and/or substance use conditions who are enrolled in treatment services. BHS estimates \$5.3 million of BHBH Round 1 funds will support access to short-term bridge housing, which will result in approximately 117 new beds. This flexibility allows the County to maximize use of the BHBH grant funds by June 30, 2027.

Alongside efforts to expand bridge housing, BHS has also advanced initiatives to increase access to recovery residences for individuals with substance use conditions. On December 5, 2023 (24), the Board authorized funding to expand access to recovery residence housing for adults with substance use conditions who are unhoused and enrolled in treatment. In March 2024, BHS amended provider contracts to include these one-time funds for use beginning March 1, 2024, through FY 2025-26 which have supported additional people gain access to stable housing that is linked to treatment and recovery support.

BHS will financially sustain and continue to build recovery residence and short-term bridge housing capacity through the Housing Intervention component of the Behavioral Health Services Act (BHSA) that will be implemented on July 1, 2026. The BHSA Housing Intervention component will provide funding for a broad array of new housing opportunities that support people with substance use disorders, including recovery residences. As comprehensive guidance becomes available from the State Department of Health Care Services (DHCS), BHS will make recommendations for new housing investments that will be included in the Fiscal Year 2026-27 operational planning process.

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Funding to Expand Infrastructure and Services

In March 2024, California voters passed Proposition 1 that includes the Behavioral Health Services Act and the Behavioral Health Infrastructure Bond Act of 2023. This legislation authorized \$6.38 billion in general obligation bonds to expand behavioral health treatment, residential care settings, and housing to support people with mental health conditions and substance use disorders. Funds from the bonds were allocated to competitive grants for facilities that provide behavioral health treatment and residential settings, including tribal entities and serving individuals who are homeless or at risk of homelessness with behavioral health needs. On July 16, 2024 (22), the Board authorized the submission of two Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) Round 1 grant applications. BHS submitted those applications in December 2024.

Subsequently, in May 2025, BHS received a notice of award, totaling \$28.8 million, for both Bond BHCIP Round 1 grant awards, including \$21.1 million for the SURTS facility. On June 3, 2025 (5), the Board authorized acceptance of the Bond BHCIP Round 1 grant funding that will establish 89 beds, including 16 recuperative care beds and 73 substance use residential beds, as outlined above in Transitional Support and Substance Use Residential Treatment.

Locally, five additional community-based behavioral health providers also received Bond BHCIP grant awards funds, four of which will add substance use treatment capacity to the region.

- Epidaurus was awarded \$31.5 million for Amity Vista Ranch that will add 40 new adult residential substance use treatment beds in Vista, including for people with justice involvement. The project is estimated for completion in Fall 2029.
- Inner-Tribal Treatment was awarded \$20.0 million for a Wellness Village facility that will add 60 new adult residential substance use treatment beds and 500 new outpatient slots in Pauma Valley. The project is estimated for completion in Fall 2027.
- McAlister Institute for Treatment & Education was awarded \$34.5 million for a Recovery Campus that will add 50 new substance use residential treatment beds for adults and transition age youth, inclusive of withdrawal management, and co-located with 1,500 slots that will provide outpatient services and sobering services. The project is slated to open in Spring 2026.
- Palomar Health Foundation was awarded \$49.9 million for construction of a Behavioral Health Institute that will add 120 inpatient beds in Escondido, along with hospital-based outpatient withdrawal management services. The project is anticipated for completion in Spring 2027.

In total, \$157.8 million of BHCIP grant funding was awarded for five Bond BHCIP Round 1 projects that will add approximately 343 new substance use residential treatment and inpatient beds, and over 2,000 new outpatient treatment slots for people with substance use conditions who are Medi-Cal eligible.

Building on the momentum and success of Round 1, BHS is preparing to further expand treatment capacity through a second round of funding. On May 30, 2025, DHCS released the Bond BHCIP

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Round 2 Unmet Needs Request for Applications, with applications due on October 28, 2025, and awards to be announced in early 2026. Today's action requests Board authorization to apply for Bond BHCIP Round 2 funds, with a focus on expanding access for substance use and/or mental health services. This application aligns with BHS's continued strategy to close service gaps, increase treatment availability, and strengthen infrastructure for individuals with mental health and substance use disorders across the region

In addition, as part of BHS's ongoing efforts to strengthen the behavioral health system and improve access to care, key initiatives have been implemented to modernize reimbursement structures and expand inpatient treatment capacity for individuals with substance use disorders. In July 2023, BHS implemented Behavioral Health Payment Reform, which enhances provider reimbursement models and fundamentally changes the way Medi-Cal service providers are reimbursed for the care they provide. Although still early in the implementation phase, Behavioral Health Payment Reform has enabled BHS to establish more equitable reimbursement rates for substance use providers, to support system enhancements and continue capacity expansion.

Lastly, to build out substance use inpatient capacity, effective January 1, 2025, BHS amended an existing inpatient contract to add capacity for Chemical Dependency Recovery Hospital (CDRH) beds. CDRH services provide 24-hour inpatient care for adults who are Medi-Cal eligible and are experiencing alcohol and/or substance use dependency. Services include counseling, group therapy, physical conditioning, family therapy, outpatient services, and dietetic services. On April 8, 2025 (16), the Board authorized a Request for Statement of Qualifications (RFSQ) to add up to 22 additional CDRH beds, which is expected to be released Fall 2025.

Sustainability Barriers

As new system capacity is built, the need for ongoing care and strong connections across the levels of care continues to be a priority. Due to the complex and chronic nature of substance use conditions, robust care management is essential to support individuals in transitioning seamlessly between different levels of care. To ensure long-term success, people need access to care where they are providing continuous support throughout their recovery. However, the County is facing budgetary challenges with uncertainty about ongoing State and federal funding. Last year, Medi-Cal funding covered 70% of costs within the substance use system; therefore, any significant loss of Medi-Cal funding will impact the ability to implement and sustain expansion of services.

Today's actions request the Board to receive the update regarding the SUD OCP model, authorize the submission of a Bond BHCIP Round 2 grant application and adoption of BHCIP Round 2 Authorizing Resolution, and to authorize expanded use of BHBH Round 1 grant funds, in alignment with State guidance, to include increased access to short-term bridge housing for people who are Medi-Cal eligible.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

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Today's proposed actions support the County of San Diego 2025-2030 Strategic Plan Initiatives of Equity (Health) and Community (Quality of Life) by providing necessary resources and infrastructure needed to ensure individuals with behavioral health needs have the best possible outcomes.

Respectfully submitted,

USE "INSERT PICTURE"
FUNCTION TO INSERT
SIGNATURE

EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Attachment A: Bond BHCIP Round 2: Unmet Needs Form 10: Board Authorizing Resolution



Bond BHCIP Round 2: Unmet Needs Form 10: Board Authorizing Resolution Template

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF _____ [FULL LEGAL NAME OF CORPORATION] AUTHORIZING APPLICATION TO AND PARTICIPATION IN THE BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM ("BHCIP")

WHEREAS:

- A. The California Department of Health Care Services, through its contractor Advocates for Human Potential, Inc., ("**Department**") has issued a Request for Applications, dated May 30, 2025 ("**RFA**"), for the Bond BHCIP Round 2 (2025) Unmet Needs Program ("**Program**"). The Department has issued the RFA for Program grant funds pursuant to California Welfare and Institutions Code sections 5965-5967.01 ("**Behavioral Health Infrastructure Bond Act of 2024**").
- B. _____ [FULL LEGAL NAME OF CORPORATION], a _____ [Name of State] _____ [nonprofit public benefit/for-profit] corporation ("**Applicant**"), desires to apply for Program grant funds and has submitted an application for Program grant funds ("**Application**") to the Department for review and consideration.
- C. The Department is authorized to administer BHCIP pursuant to the Behavioral Health Infrastructure Bond Act of 2024. Program funding allocations are subject to the terms and conditions of the RFA, the Application, Program Funding Agreement ("**Program Funding Agreement**"), and all other legal requirements of the Program.

THEREFORE, IT IS RESOLVED THAT:

1. Applicant is hereby authorized and directed to submit an Application to the Department in response to the RFA, and to apply for Program grant funds in a total amount not to exceed \$_____.
2. If the Application is approved, Applicant is hereby authorized and directed to

enter into, execute, and deliver a Program Funding Agreement for the total award amount, and all other documents required or deemed necessary or appropriate to secure the Program grant funds from the Department and to participate in the Program, and all amendments thereto (collectively, the **"Program Documents"**).

3. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Program Funding Agreement. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Program Funding Agreement. Funds are to be used for the allowable expenditures and activities identified in the Program Funding Agreement.
4. **[NAME AUTHORIZED SIGNATORY, TITLE OF AUTHORIZED SIGNATORY]** (the **"Authorized Signatory"**), is authorized to execute the Application and the Program Documents on behalf of Applicant for participation in the Program.

PASSED AND ADOPTED this _____ day of _____, 202_, by the following vote of the Corporation's Board of Directors:

AYES: ☐ NAYS: ☐ ABSTAIN: ☐ ABSENT: ☐

The undersigned, **[NAME, TITLE OF ATTESTOR]** of Applicant, does hereby attest and certify that the foregoing is a true and full copy of a resolution of the Corporation's governing body adopted at a duly convened meeting on the date above-mentioned, and that the resolution has not been altered, amended, or repealed.

SIGNATURE: _____

DATE: _____

NAME: _____

TITLE: _____

[NOTICE AND INSTRUCTIONS APPEAR ON THE FOLLOWING PAGE]

NOTICE AND INSTRUCTIONS

1. **Notice.** The Department is providing this template Authorizing Resolution as informational guidance only. The Department encourages each Applicant to consult with professional legal counsel during the development of its own formal, legally binding statement that it is authorized to apply to and participate in the Program.
 - a. Please note, however, that any limitations or conditions on the authority of the signatory or signatories to execute the Application or the Program Documents may result in the Department rejecting the Authorizing Resolution.
2. **Accuracy, Verification.** The Department will verify that this Authorizing Resolution comports with Applicant's operative organizational documents (e.g., Articles of Incorporation, bylaws). Applicant must timely notify the Department, in writing, of any discrepancies between its Authorizing Resolution and its organizational documents, along with a written explanation of same.
3. **Dollar Amounts of Grant Awards.** The Department recommends identifying an authorized dollar amount that is exactly the amount requested in the Application. If Applicant is ultimately awarded an amount that differs from the amount identified in the Authorizing Resolution, the Department will require a new Authorizing Resolution from Applicant before execution of a Program Funding Agreement.
4. **Authorized Signatory or Signatories, Designee.** Applicant may authorize multiple signatories, so long as there is clarifying language as to whether the signatories are authorized to execute the Program Documents individually or collectively.
5. **Vote Count.** Please fill out the field by every voting category (i.e., Ayes, Nays, Abstain, Absent). If none, please indicate zero (0) for that field. The vote count must comport with relevant provisions in Applicant's operative organizational documents (e.g., authorized number of directors, quorum).
6. **Certification of Authorizing Resolution.** The individual who certifies the Authorizing Resolution cannot also be authorized to execute the Program Documents on behalf of Applicant. The individual who certifies this Authorizing Resolution must be either 1) the Secretary of the corporation; 2) the Chairperson/President of the Board of Directors, if different than the Authorized Signatory; or 3) all members of the Board of Directors of the corporation.