

COUNTY OF MARIN
FORGIVABLE LOAN AGREEMENT
WITH COUNTY OF SONOMA FOR DEVELOPMENT OF A
PSYCHIATRIC HEALTH FACILITY

The following is an agreement dated _____ (“Effective Date”) by and between the County of Marin and the County of Sonoma, both political subdivisions of the State of California.

RECITALS

Whereas, in the Master PHF Lease and Development Agreement (“Master Agreement”) effective July 15, 2020, the County of Sonoma (“Sonoma or Borrower”) has leased its Property at 7440 Los Guilicos Road, Santa Rosa, California to Crestwood Behavioral Health, Inc. (“CBH”) for a period of twenty years from occupancy for use as a Psychiatric Health Facility (“PHF”);

Whereas, the Property is in need of improvements (the “Improvements”) in order for CBH to operate a licensed 16-bed PHF on the Property;

Whereas, pursuant to the agreement between CBH and Sonoma entitled Master PHF Lease and Development Agreement, Sonoma has agreed to reimburse CBH for certain costs of design and construction of the Improvements in exchange for exclusive access to all 16 beds at the PHF during the lease period;

Whereas, Sonoma wishes to assign two of the sixteen beds to the County of Marin (“Marin” or “lender”) in exchange for Marin’s financial contribution to the Improvements;

Whereas, Marin wishes to contribute proportionally to the cost of the Improvements in order to secure exclusive access to two of the sixteen beds at the PHF for Marin patients during the lease period;

Whereas, in the judgment of the Board of Supervisors of the County of Marin, it is in Marin’s best interests to secure access to two inpatient psychiatric beds for a period of twenty years by contributing to the Improvements necessary to convert the Property to a PHF; and

Whereas, in the judgment of the Board of Supervisors of the County of Sonoma, based on foreseeable needs projections, Sonoma is able to allow use of two of the sixteen PHF beds and it is in Sonoma’s best interests to offset the costs of Improvements by accepting Marin’s financial contribution.

Now therefore, in consideration of the foregoing recitals and the mutual covenants contained herein, the parties hereby agree as follows:

1. Lender shall lend and Borrower shall borrow \$500,000.00 in accordance with the terms and conditions of this Agreement.
2. The full amount of the loan will be paid to Sonoma in advance no later than the tenth business day after all parties have executed this Agreement.
3. Borrower shall use loan funds only for the purpose of reimbursing CBH for the costs (including construction, architect, engineering and other costs as outlined in the Master Agreement) of the Improvements on the Property. As used herein, “Loan Period” means

twenty years from the PHF Commencement Date as defined in Section 13.3 of the Master Agreement and memorialized in the document entitled Memorialization of PHF Commencement Date, attached hereto as Exhibit A. Borrower shall ensure that the Property be used as a 16-bed Psychiatric Health Facility for the duration of the Loan Period. In no event shall the Loan Period be extended.

4. Borrower shall assign two beds at the PHF to Marin for Marin's exclusive use during the Loan Period. Said assignment is only a non-transferable license for use of two beds and in no way a conveyance of any property interest in the beds, the Property, or the Improvements. Notwithstanding Lender's contributions being for the purposes of the Improvements and the Property, consideration for said contributions shall only be the license for the two beds. The loan is an unsecured, non-collateral loan and in no event shall be deemed to encumber Borrower's title ownership of the Property and/or Improvements or create any mortgage, foreclosure, and/or other collateral or security rights as to the Property and/or Improvements.
5. Marin's use of the beds and all other terms and conditions for such use including bed rates shall be pursuant to a separate agreement directly between Marin and CBH. Notwithstanding the Loan or any other consideration under this Agreement, Marin shall be solely responsible for payment of bed and other rates to CBH pursuant to the agreement between those two parties. Sonoma does not represent, warrant, or guarantee any term, condition, quality, suitability, or other aspect of the assigned beds, any service, performance, or level of care by CBH, or any other matter or regard related to the assigned beds, whether express or implied, it being Sonoma's sole obligation in exchange for the loan to only make the stated beds available for Marin's use and separate arrangement with CBH. Any election by Marin to not enter into an agreement with CBH for the beds or to otherwise not utilize any of the beds for any reason shall not be cause for repayment or acceleration of the loan or termination or modification of this Agreement.
6. The intent of the parties is that the value of the loan shall be amortized over the Loan Period commencing on year 2 of the Loan Period and ending according to the schedule below.

Year	Principal	Depreciation	Loan Balance
1			
2	500,000.00	26,315.79	473,684.21
3	473,684.21	26,315.79	447,684.42
4	447,368.42	26,315.79	421,052.63
5	421,052.63	26,315.79	394,736.84
6	394,736.84	26,315.79	368,421.05
7	368,421.05	26,315.79	342,105.26
8	342,105.26	26,315.79	315,789.47
9	315,789.47	26,315.79	289,473.68
10	289,473.68	26,315.79	263,157.89
11	263,157.89	26,315.79	236,842.11
12	236,842.11	26,315.79	210,526.32
13	210,526.32	26,315.79	184,210.53
14	184,210.53	26,315.79	157,894.74
15	105,263.16	26,315.79	131,578.95

Year	Principal	Depreciation	Loan Balance
16	131,578.95	26,315.79	105,263.58
17	105,263.16	26,315.79	78,947.37
18	78,947.37	26,315.79	52,631.58
19	52,631.58	26,315.79	26,315.79
20	26,315.79	26,315.79	(0.00)

7. Not later than thirty days following the end of each of the years Two through Nineteen, Marin shall execute such documents as Borrower may reasonably require evidencing Marin's forgiveness of the loan amount during the prior year period(s). At the end of year 20, Marin shall execute such documents as Borrower may reasonably require evidencing Marin's forgiveness of the entire loan amount.
8. If at any time during the term of this Agreement, Lender finds that Borrower has not substantially complied with its obligations, Lender shall notify Borrower of its findings and Borrower shall have thirty days to come into substantial compliance. If Borrower fails to come into compliance, Lender may declare that Borrower is in default and demand payment of the remaining balance of the loan, without interest. Repayment of the loan balance shall be Marin's sole remedy and County shall not have any responsibility or liability with respect to or for any incidental or consequential damages, including but not limited to alternative or replacement psychiatric beds facilities costs incurred by Marin.
9. Each party shall indemnify, defend, protect, hold harmless, and release the other, its officers, agents, and employees, from and against any and all claims, loss, proceedings, damages, causes of action, liability, costs, or expense (including attorneys' fees and witness costs) arising from or in connection with, or caused by any act, omission, or negligence of such indemnifying party or its agents, employees, contractors, subcontractors, or invitees. This indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages or compensation payable to or for the indemnifying party under workers' compensation acts, disability benefits acts or other employee benefit acts.
10. Miscellaneous Provisions
 - 10.1. No Waiver of Breach. The waiver by either party of any breach of any term or promise contained in this agreement shall not be deemed to be a waiver of such term or provision or any subsequent breach of the same or any other term or promise contained in this Agreement.
 - 10.2. Construction. To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation or law. Marin and Sonoma acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Both parties acknowledge that they have had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.
 - 10.3. No Third Party Beneficiaries. Nothing contained in this Agreement shall be construed to create and the parties do not intend to create any rights in third parties.

10.4. Merger. This writing is intended both as the final expression of the Agreement between the parties with respect to the included terms and as a complete and exclusive statement of the terms of this Agreement, pursuant to Code of Civil Procedure Section 1856. No modification shall be effective unless and until such modification is evidenced in writing signed by both parties.

10.5. Method and Place of giving Notice, Submitting Bills and Making Payments:

Notices, Bills, or Payments to Marin County under this Agreement should be made to:

Director of Health and Human Services, County of Marin
20 N. San Pedro Road
San Rafael, CA 94903

Notices, Bills, or Payments to Sonoma County under this Agreement should be made to:

Director of Health Services
1450 Neotomas Avenue, Suite 200
Santa Rosa, CA 95405

10.6. Force Majeure. Borrower shall not be in default if the Property becomes unusable as a PHF due to earthquake, flood, pandemic, high water, fire, or other Act of God, or by strike, lockout, or similar labor disturbances. Periods of time that the Property is unusable due to any of the above reasons shall not extend the Loan Period.

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IN WITNESS THEREOF, the parties hereto have executed this Agreement as of the Effective Date.

COUNTY OF SONOMA/Borrower:

Director or Designee
Department of Health Services

Dated

Approved as to Form for County of Sonoma:

Sonoma County Counsel

Dated

COUNTY OF MARIN/Lender:

Authorized Representative

Dated

Approved as to Form for County of Marin:

Marin County Counsel

Dated