

Kansas Department for Aging and Disability Services
Behavioral Health Recovery Resources Loan Program (BHRRLP)

Application Instructions and Program Guidelines

I. Purpose

The purpose of the Behavioral Health Recovery Resources Loan Program (BHRRLP) is to provide a no interest loan program for the purchase of equipment, the purchase of vehicles, the remodel of existing real property, or the purchase real property. The assets purchased with BHRRLP funds are to be used to enhance resources available in local communities and to provide additional service options for adults with Severe Mental Illness (SMI) and/or co-occurring disorders in order to divert individuals from admissions into State Mental Health Hospitals. The resources purchased are to be made available in local communities and increase community living options for those who have a higher level of need for such resources. Loan proceeds may not be used for service delivery, or for administrative purposes.

Statewide data indicates higher needs in the following counties: Allen, Anderson, Anderson, Barber, Barton, Bourbon, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clark, Coffey, Comanche, Crawford, Decatur, Dickinson, Edwards, Elk, Ellis, Ellsworth, Finney, Ford, Franklin, Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper, Harvey, Haskell, Hodgeman, Kearny, Kingman, Kiowa, Labette, Lane, Lincoln, Linn, Logan, Lyon, Marion, McPherson, Meade, Miami, Montgomery, Morris, Morton, Neosho, Ness, Norton, Osage, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins, Reno, Rice, Rooks, Rush, Russell, Saline, Scott, Seward, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens, Thomas, Trego, Wabaunsee, Wallace, Wichita, Wilson and Woodson.

Loans amounts will be determined based on the type of asset purchased with a minimum amount of \$30,000.00. All loans will be no interest loans and the repayment schedule will be determined based on the type of asset purchased. A minimum repayment schedule of five (5) years will be considered for the purchase of vehicles, seven (7) years for the remodel/refurbishing of real property, and a maximum repayment schedule not to exceed fifteen (15) years will be considered for the purchase of real property. An option for payments based on a 20 year amortization with a balloon payment due at the conclusion of the fifteenth (15th) year will be considered on loans for the purchase of real property.

II. Eligible Applicants

Community Mental Health Centers(CMHC's), community based organizations, private mental health providers, Substance Use Disorder Providers, housing agencies, Consumer Run Organizations (CRO's), Community Developmental Disability Organizations (CDDO's), community hospitals, community partners, community coalitions, faith-based organizations, Regional Recovery Centers, Nursing Facilities for Mental Health (NFMH) and others who can demonstrate the ability to achieve the necessary outcomes as requested by the loan program.

III. Outcomes/Goals of the Loan:

The tangible personal property, renovations, remodel or repair of existing structures and/or the purchase of real property will be used for the purpose of achieving the outcomes listed below:

- Decrease reliance on State Mental Health Hospitals (SMHHs) as a safety net service provider and establish and support alternative community programming;
- Decrease admissions to SMHHs of individuals who could be stabilized in the community in 10 days or less by connecting individuals to services/resources in their home communities;
- Increase 24 hour community diversion options for individuals with co-occurring mental health and/or a substance use disorder;
- Increase 24 hour community options for individuals who are homeless or at risk of becoming homeless, have self-care failure issues or are at risk for adult protective services, or at risk of incarceration;
- Increase the availability of community based structured care environments for individuals with a SMI and/or co-occurring disorder who have a clinical need for a high level of support services

1.0 Desired services to be provided as a result of the assets purchased with loan proceeds:

1.1 Priority Population To Be Served:

- Adults who are uninsured, under insured, or no known payer source;
- Adults who seek inpatient admissions voluntarily;
- Adults who may require an involuntary inpatient admission; but are assessed likely to stabilize quickly;
- Adults who do not have a Serious Persistent Mental Illness (SPMI) but have a co-occurring disorder; this can include mental health and a substance use disorder (SUD), or traumatic brain injury, intellectual developmental disabilities and/or dementia;
- Adults whose primary trigger for crisis is related to placement issues (i.e. coming from jail, self-care failure, homelessness);
- Adults with severe mental illness, SED, and/or co-occurring disorders with significant discharge barriers, including individuals with a history of violence and/or aggression and
- Adults who require intensive support services, including medication monitoring, to maintain community based housing.

1.2 Desired Service Categories: the services listed below are not an all inclusive list of the desired services to be made available through assets purchased with loan proceeds. An applicant is not required to provide every service listed but should give a detailed justification of how the service(s) they are proposing in their application will meet one or more of the outcomes listed in Section III.

Crisis Services

These may include:

- 23-hour crisis observation/stabilization beds;
- Emergency Transportation;
- Peer Support/Recovery Coach;
- Tele psychiatry/On Call Psychiatry;
- Short-term crisis residential services and stabilization (72 to 96 hours);
- Crisis detox services (sobering beds, social detox, or medical detox);
- Short-term crisis inpatient stabilization (5 to 7 days);
- Assertive Community Treatment;
- Mobile crisis services (includes peers);

- 24-hour warm lines (staffed by trained by individuals with lived experience/peers in recovery);
- 24-hour crisis hotlines staffed by clinicians;
- Peer crisis services;
- Telemedicine and Supports;
- Medication monitoring / support services;
- Respite Services/Professional Family Resource Homes.

Transitional Living

These may include:

- Supporting Housing and Supported Employment;
- Structured Care Living Environments;
- Interim Housing- short term project based housing;
- Short Term Residential Service;
- Structured Living Environments;
- Long Term Supported Living Programs (i.e., Long term Residential Care Facilities, Permanent Supportive Housing programs, Shelter Plus Care Voucher program, HUD VASH program);
- Resource connections for eligible benefits i.e., SOAR, VA benefits, etc;
- Community based services to include: bridging services, in-home services, and discharge services;
- Independent living training;
- Outreach and engagement.

Substance Use Disorder

These may include:

- Intensive Case Management Services to individuals with Co-Occurring Disorders;
- Sobering Beds;
- SUD treatment services that may include Medical Detox Services, Social Detox Services, Medicated Assisted Treatment, and Residential Treatment;
- Peer Mentoring.

Inpatient and Day Services

These may include:

- Voluntary inpatient beds;
- Involuntary inpatient beds;
- Attendant Care;
- Partial Hospitalization Program/Day Services;
- Respite Beds;
- Inpatient beds to assist when the SMHH is at capacity.

Transportation Services

Please Note: Peer and recovery support services and attendant care should be services under each section of potential services to be provided.

IV. Loan Parameters and Collateral

1. Loans to modify or purchase real property shall be secured by a mortgage in favor of the KDADS;
2. Loans for the purchase of personal property, such as furniture and equipment, shall be secured by a recording of a security interest in favor of the KDADS filed with the appropriate entity;
3. Loans for the purchase of motor vehicles will be secured by a purchase money lien in favor of the KDADS on the title of all vehicles purchased with loan proceeds;
4. Loans shall not be less than \$30,000.00.

V. Application Criteria

KDADS will select applications based on a demonstrated area of need and ability to repay funds advanced as a result of the loan agreement. An application shall only be considered if it satisfies the criteria below:

A. Loan Documentation Required

The application must be timely filed and complete, including all required exhibits.

- I. The Applicant shall describe in detail all services they propose to provide as a result of the assets purchased with the proceeds. This shall include:
 1. A description of the service/services to be provided;
 2. Justification of the need for the service, including data and data sources;
 3. An explanation of how the service will achieve one or more of the outcomes identified by this loan program;
 4. A detailed description of the proposed number of people that will be served by the service and the population targeted to serve;
 5. Proposals should have Specific Measureable Achievable Realistic and Time Limited (SMART) goals to address the outcomes of this loan program;
 6. A detailed sustainability plan for each of the proposed services and programs the applicant is applying for; and
 7. A detailed description of what data will be collected and reported relative to the desired outcomes, and a quality review and performance improvement process if data shows improvement on desired outcomes if not being achieved.

The project should target the priority population identified in Section III 1.1.

II. The applicant must complete the loan application and submit with the most recent applicant's financial audit. The financial audit shall include:

1. Three most recent bank statements and/or line of credit from financial institution;
Account numbers with the exception of the last three digits shall be redacted
2. Current income statement;
3. Current account payable journal;
4. Current balance sheet;
5. Most current CPA prepared audit;
6. Kansas Tax Clearance Certificate (<https://www.kdor.org/TaxClearance/Self/Default.aspx>).

Pursuant to Kansas Open Records Act ("KORA") and specifically K.S.A. 45-221 (33), Financial information submitted by a Loan Applicant in qualification statements to any public agency is an exception to the KORA and shall not be disclosed. Provided, however, that all such documents containing "financial information" shall be submitted and clearly labeled as "Financial information submitted by Loan Applicant in qualification statements". Documents provided that do not have such labeling may be subject to a KORA request.

Open Records Act: Under the Kansas Open Records Act (reference K.S.A. 45-215) all materials received or created by KDADS are considered **public records**. These records include but are not limited to bid or proposal submittals, agreement documents, contract work product, or other information submitted by a vendor to KDADS.

The State of Kansas Open Records Act requires that public records must be promptly disclosed by KDADS upon request unless those records are excluded in accordance with K.S.A. 45-221 (27)n (Specifications for competitive bidding, until the specifications are officially approved by the agency).

Marking Records Exempt From Disclosure (Protected, Confidential, or Proprietary)

If you believe any of the documents you are submitting to KDADS as part of your informational material are exempt from disclosure due to patent or proprietary issues, you can request they not be released. To do so, identify which areas are confidential and the reason why.

Only the specific records or portions of records properly identified will be protected and withheld for notice. All other records will be considered fully disclosable upon request.

By submitting a response to this RFI, Respondent acknowledges this obligation; and also acknowledges KDADS will have no obligation or liability to the proposer if the records are disclosed.

B. Security Purchase Loans

1. Loans for the purchase of real property or to refurbish or modify existing real property - The applicant must provide evidence of a clear title obtained through a Certificate of Title to be paid for by the applicant. In addition any fees associated with adding KDADS as lien holder, if loan is approved, will be the responsibility of the applicant. Such fees shall include the payment of mortgage registration, tax payments, and fees related to the recording of the mortgage. None of the aforementioned fees shall be deducted from the loan proceeds. Loan proceeds for the refurbishing or modification of existing real property will be disbursed upon invoices received from contractors performing such modifications.

2. Personal Property - The applicant must provide evidence of the UCC-1 search provided at the expense of the applicant. In addition any fees associated with adding KDADS as lien holder, if loan is approved, will be the responsibility of the applicant. Loan proceeds will be made payable to the retailer where the equipment is purchased.
3. Vehicles - The purchase of vehicles, shall list KDADS as a purchase money lien holder and any fees associated with adding KDADS as lien holder will be the responsibility of the applicant. Loan proceeds will be made payable to the vehicle dealer/retailer where the vehicle is purchased.

C. Evaluation Criteria

NOTE: Applications shall NOT be considered if submitted after the deadline. In addition, applications that do not follow the below mentioned format will be subject to a reduction in points.

What an Application Should Include

Applications must include all the components described in this section. Failure to submit a complete application that contains all of the specified information may negatively affect the review of the application.

Table of Contents

Include page numbers for each of the major sections of your application and for each attachment. KDADS highly recommends a Table of Contents be included as part of the application packet.

Loan Application and Program Abstract (5 points)

Complete the Loan Application (Attachment A). The Application (Attachment A) and Assurances (Attachment C) must be signed by an official authorized to sign for the organization applying for the loan.

The program abstract should be no more than one double spaced page, using a standard 12-point font (Times New Roman is preferred) with not less than 1-inch margins, and should include the following: Identify the type of applicant (government agencies, public universities and colleges, and private, nonprofit and community organizations).

Describe the proposed purpose for which funding is being requested (including the outcomes desired, the geographic area, description of target population, services to be provided and number of clients to be served as a result of the assets purchased with the loan proceeds).

Program Narrative (70 points)

The program narrative must include three sections- Project Design, Implementation Plan, and a Sustainability Plan-in the order listed below. The program narrative should be double-spaced, using a standard 12-point font (Times New Roman is preferred) with not less than 1-inch margins, and should not exceed 5 pages. Please number pages "1 of XX" "2 of XX", etc.

If the Program Narrative fails to comply with these length-related restrictions, noncompliance may be considered in the loan review and in the final award decision.

The following sections shall be included as part of the Program Narrative:

Project Design (30 out of 70 points) – Describe the services to be provided. Describe the specific strategies that substantiate the project as a comprehensive program. Identify the geographic boundaries of the proposed service, as well as the target population to be served. Higher consideration will be given for applicants that will serve the targeted areas identified in the purpose. Describe outreach and referral strategies to ensure access to the target population. Consideration will be given for services that will impact a high number of Kansas citizens. Describe how your program will ensure cultural competence. Describe how your service (s) will ensure program and physical accessibility for people with disabilities. Describe any potential barriers to implementing the project and strategies to overcome them.

Implementation Plan (20 out of 70 points) – Provide a realistic and detailed implementation plan with activities or services and a timeline that indicates significant milestones in the project. Outline the specific program outcomes of the project and how they will address the problem. Describe how the project will address the allowable uses of fund. Applicants should identify who will collect data, who will be responsible for performance measures, and how the information will be used to evaluate and guide the program.

Sustainability Plan (20 out of 70 points) – Applicants should describe how the long-term financial sustainability of the project will be funded in the future, including strategies to cultivate alternate funding and community collaboration.

Budget Detail Worksheet, Budget Narrative/Justification and Ability to Repay (25 points)

Applicants must submit a Budget Detail Worksheet and Budget Narrative outlining how loan funds will be used to support and implement the program.

The Budget Narrative should thoroughly and clearly describe every category of expense listed in the Budget Detail Worksheet. The narrative should be mathematically sound and correspond with the information and figures provided in the Budget Detail Worksheet. The narrative should explain how all costs were estimated and calculated and how they are relevant to the completion of the proposed project. The narrative may include tables for clarification purposes but need not be in a spreadsheet format. As with the Budget Detail Worksheet, the Budget Narrative should be broken down by year.

The credit application and financial audits will be used to determine the applicant's ability to repay.

VI. Application Process

Applications will be evaluated on a competitive basis. A loan review committee comprised of KDADS' staff will review all applications and attached documentation and make recommendations to the Secretary of the Department for Aging and Disability Services. The Secretary reserves the right to approve or disapprove any or all applications. Each applicant will be notified of the Secretary's decision.

All decisions of the Secretary regarding proposals selected for loans shall be final with no right of appeal. The BHRRLP (hereinafter referred to as "the Agreement") Agreement will contain all covenants, terms, and conditions required for the loan for the selected proposals. Before issuance of the final written and signed agreement, no conversation with any employee of KDADS, agent or attorney representing KDADS, or the loan review committee concerning this issuance or the provisions of the same may be relied upon by the applicant, nor will any such conversation or information submitted to KDADS in response to this issuance be binding upon KDADS, except as contained in the written and signed final Agreement.

VII. Loan Payments

Loan payments will include principal only as the loans are not interest bearing loans. Loan Repayment terms will be as follows:

- a. For the purchase real property, a term not to exceed fifteen (15) years following the closing date. Notwithstanding this period, the loan may be amortized at a twenty (20) year period, with a balloon payment due at the fifteenth (15th) year;
- b. For the refurbishment or modification of existing real property, a term not to exceed seven (7) years following the final disbursement of Loan proceeds; and
- c. For the purchase of personal property items, a term not to exceed five (5) years following the final disbursement of Loan proceeds.

Hazard insurance for any property used as security for this loan is the responsibility of the applicant and must be maintained, and must be sufficient to cover replacement. On such policy, KDADS shall be listed as a joint payee. Tax payments are the responsibility of the project applicant. Written verification of payment of both insurance and taxes will be required yearly through the life of the Agreement.

Failure to sign promissory notes and failure to timely pay title registration fees, taxes and all related fees shall constitute a default of the loan agreement.

VIII. Other Requirements and Restrictions

A. Owner/operator Requirements

The applicant shall comply with all applicable Federal, State, and local licensing requirements.

The revocation or termination of the any applicable licenses may be a default, and at the sole discretion of the Secretary may cause the loan balance to be due and payable immediately. In the event the facility is negotiating license reinstatement, KDADS will consider postponing the revocation of the loan until resolution of the license negotiation.

B. Resale and Owner Restriction

In the event of a change in ownership or sale of real property used as security as part of the loan agreement, the balance of the loan shall be due and payable immediately in order to secure a release of mortgage in order to transfer property.

C. Housing Quality Standards

All loan applicants shall meet all applicable federal, state, and local laws, regulations, codes, and approved practices, including building, zoning, floodplain management, hazardous materials, and accessibility for persons with disabilities. The primary objective of these standards is to provide customers utilizing the services, and residents of housing, with a basic level of acceptability.

D. Compliance Requirements

During the life of the loan, the provider must certify annually in writing to KDADS that the use of the loan proceeds is in compliance with the requirements of the Agreement and the original loan application. KDADS will periodically review the records and accounts of the provider or the managing entity. The loan contract will address specific reporting requirements.

KDADS' review of projects will include, but is not limited to, the following:

- Ownership records
- Licensing and certification requirements
- Quality standards and maintenance records
- Owner's agreements, including resident income, unit rental patterns, marketing and management plans and procedures
- Verification that assets purchased with the loan proceeds are used for the allowed purposes as identified in the original loan application

E. Retention of and Access to Records

During the term of this Loan and for the six-year period following the repayment of the loan contemplated herein, the Loan Recipient will retain and safeguard all books, documents, and records relating or pertaining to the repayment of the Loan. In addition, the Loan Recipient shall, during the same six-year period, upon written request, make available to the KDADS or to an independent auditor retained by the KDADS, the Secretary of Health & Human Services, the U.S. Comptroller General, or the Auditor of the Kansas Legislative Division of Post Audit, or their designees, any all books, documents and records pertaining to the repayment of the Loan. Each party shall bear the costs and expense of storing its own records and of retrieving and producing its own records for any governmental entity.

F. Modification/Cooperation

In the event the Secretary determines that there exists a need for a modification to either the Loan Application, Loan Agreement, Promissory Note, Security Agreement, Mortgage or the like, the Loan Recipient shall cooperate in executing any and all documents to effect such modification. Failure by the Loan Recipient to execute such document(s) shall constitute a default under the Promissory Note and Loan Agreement.

IX. Default Provision

If an applicant receiving a loan fails to timely perform any requirement or fails to comply with any provision of this Agreement, time being of essence, the loan shall be in default. Furthermore, in the event there is a failure to pay all current taxes due for collateral purchased with loan proceeds or to maintain adequate hazard insurance coverage showing KDADS as the loss payee for collateral used as security, the loan shall be in default.

Upon an event of default, the KDADS may take any action or seek any remedy authorized by law including, but not limited to, the following: Termination of the Agreement; acceleration of amount due under the Promissory Note and the initiation of collection and/or foreclosure proceedings against the Borrower as to any balance due.

APPLICATION CHECKLIST

A complete application must include the following:

The Behavioral Health Recovery Resource Loan application narrative pages and applicable forms as identified in Section V.

- A complete application, including all required documentation received on or before the due date.
- A Transmittal Letter declaring:
 - All of the information is true and correct and
 - The Applicant understands that the application submission does not guarantee funding and
 - That KDADS has the authority to check credit records as appropriate
- Copies of financial commitments, concessions or tangible support from local government or businesses, letters of interest from local citizens, and letter(s) of support from community partners
- A City or County map showing the location of the project and the legal description of any property pledged as security for the loan.
- For each applicant submit the last three years of tax returns, and in addition, for the following type of Applicant, submit the following:
 - If for-profit: Date of Incorporation and latest Audit/Financial Statements
Certificate of good standing
List of Officers and Directors of the Corporation or Partnership
 - If not-for-profit: Copy of IRS Determination and Date of Incorporation
Last two Annual Reports and Audited Financial Statements
Certificate of good standing
 - If proprietorship: Personal Financial Statement (one copy for confidential internal review)
- Three pictures from various angles of the site/building(s), if applicable due to property used as collateral for the loan
- Operating pro forma (year one through the end of the loan term)
- General Contractor's sworn statement or estimated trade payment breakdown, if applicable
- Provide a detailed timeline for completion of the project
- Any and all other information requested by KDADS
- Certificate of Kansas Tax Clearance within the last three (3) months

Please submit one original and four copies of the application package to: BHRRLP Manager
 Kansas Department for
 Aging and Disability Services
 New England Building
 503 S. Kansas Avenue
 Topeka, KS 66603-3404

Applications must be received at KDADS no later than 5:00 p.m. on April 30, 2015. Faxed applications are not acceptable.

Kansas Department for Aging and Disability Services Behavioral Health Recovery Resources Loan Program

Applicant: _____	Project Director: _____
Address: _____	Address: _____
City/State/Zip: _____	City/State/Zip: _____
Contact: _____	Contact: _____
Phone: () _____	Phone: () _____
Fax: () _____	Fax: () _____
Tax I.D. Number _____ If applicant is sole proprietor Social Security Number _____	

Project Name: _____
 Address: _____
 City: _____ State _____ Zip _____ County _____

Loan Purpose: _____

Applicant Type: _____ Unit of Government _____ Not for profit _____ For profit _____ Individual

Real Estate, if applicable: _____ Acquisition _____ Rehabilitation

Please Describe Other Personal Property, Equipment or Vehicle(s) to be Purchased

Total Proposed Project Cost: _____
 BHRR Loan Program Request: _____
 Describe Proposed Repayment Plan: _____

I hereby certify under pain and penalty of perjury that to the best of my knowledge and belief, the information contained in this application is true and correct.

Applicant Authorization:

_____	_____
Signature	Title
_____	_____
Name (type or print)	Date

Site and Building(s)

(This form will not be applicable to all projects. If this page does not provide enough space, use additional pages.)

Location of Site/Building(s)

Describe the site and surrounding neighborhood, including access to shopping and other community facilities and services: _____

Property Ownership

Property owner(s) _____

Clear title Yes ___ Date acquired _____ No ___ If no, list names and address of lien holders and balance due: _____

Mortgage amount \$ _____ Holder _____ Payoff date: _____

Option to purchase ___ Contract to purchase ___ Expiration date: _____

Terms of option/contract: _____

Total purchase price of land/existing building(s): \$ _____ Land area-square feet: _____

Current appraised value: \$ _____ Seller(s): _____

Address: _____

City: _____ State: _____ Zip code: _____

Relationship of seller to applicant: _____

If there is any identity of interest, please provide on separate sheet, a history of transactions of this property.

Zoning, Utilities, and Licensure

Is the site properly zoned for the proposed development? Yes ___ No ___

If not, how and when will rezoning be accomplished? _____

Describe any environmental impact issues, such as hazardous materials or fuel or chemical storage, and how they will be addressed: _____

Are utilities presently available at the site? Yes ___ No ___

If not, how and when will utilities be brought to the site? _____

Explain the plan for accomplishing any modifications needed to meet KDADS, KDHE or hospital licensure requirements for intended usage of living units? _____

Building(s)

Existing building(s): _____ Net floor area square feet: _____

If occupied, will relocation be necessary? Yes ___ No ___ If yes, explain relocation plans: _____

New building(s) proposed: _____ Net floor area square feet: _____

Total number of final buildings: _____ Net floor area square feet: _____

On-site parking: Yes ___ No ___ Number of spaces: _____ Number designated as handicapped _____

Project Costs

(Use those items applicable to the project.)

Acquisition

Land/existing buildings _____
Vehicle _____
Vehicle tags, taxes, insurance _____
Equipment _____
Equipment insurance _____
Other _____
Other _____

Subtotal

Construction/Remodel

Site preparation _____
Demolition/removal _____
General contractor – profit _____
General contractor – overhead _____
General contractor – materials _____
Fees/Permits _____
Contingency fund _____
Construction insurance ** _____
Performance bond _____
Other _____
Other _____

Subtotal

Other

Initial operating deficit _____
Real estate taxes/insurance _____
Workmen's comp. _____
Contract with MD/phys. asst. _____
Contract with RN _____
Other _____
Other _____

Subtotal

Financing

Loan origination _____
Bridge loan _____
Credit report _____
Other _____
Other _____

Subtotal

Fees and Expenses

Survey _____
Environmental audit _____
Architect design _____
Construction supervision ** _____
Appraisal ** _____
Attorney/legal _____
Developer _____
Financial consultant/accountant _____
Engineer _____
Title/recording _____
Loan _____
ACH licensure/certification _____
Other _____
Other _____

Subtotal

Marketing

Needs analysis _____
Consultant Fees _____
Advertising _____
Other _____
Other _____

Subtotal

**** REQUIRED**

TOTAL PROJECT COST (Add all subtotals)
