Policy for Granting of First 5 Funding for the Purchase of Fixed Assets & Infrastructure Investments

Scope of Policy:

- This policy should apply to any entity requesting funding for the purchase of fixed assets or for infrastructure investment projects.

- Infrastructure investment projects are those in which facilities or land is provided by a partner agency for the First 5 funded program, but modifications or upgrades are necessary in order to make it useable to benefit the Commission's target population. These infrastructure investments may include such improvements as: modifications or improvements to playground areas (e.g., resurfacing, installation of tricycle path); installation of child-size bathrooms; or site preparation for a modular building that is being converted to a preschool classroom or family resource center.

- Public benefit of the fixed asset or infrastructure project shall be clearly identified. For new contractors, the public benefit of the project shall be described in the proposal and in the grant agreement. For existing contractors, the public benefit of the project shall be described in the grant agreement.

- This policy should apply to fixed assets or infrastructure investment projects over $5,000.

Policy Guidelines:

- Any funds granted for the purchase of fixed assets or for infrastructure investment projects should be structured as a <u>no-interest forgivable loan</u>.

- For projects where there is a Fixed Asset in connection with an infrastructure investment, the infrastructure costs shall be incorporated into the Fixed Asset contract.

- A portion of the loan amount should be forgiven for each year the grant recipient remains in business, and continues operation of the program for which the asset was purchased or the infrastructure investment was made, as follows:

  FIXED ASSETS:

  - Loan amounts should be forgiven based on the useful life of the asset, as determined by IRS guidelines. Any property that does not have an established "class life", shall be 7 years, per the IRS guidelines.
  - The maximum time for the forgivable loan shall be 10 years.

  INFRASTRUCTURE INVESTMENTS:

  - Loan amounts $50,000 and under should be forgiven at the rate of $5,000/year.
  - Loan amounts over $50,000 should be forgiven at the rate of 10% per year, unless otherwise determined by the Commission. At its sole discretion, the Commission may require collateral to be secured for loans over $50,000.

- If the grant recipient ceases operations (of their business or the program for which the asset was purchased) prior to the loan being fully forgiven as specified above, repayment of the remaining grant funds will be required or, in the case of a fixed asset, return of the asset. In the case of infrastructure investment projects, in order to satisfy the debt the Commission may look to any collateral that had been required to secure the loan.
- The Commission may seek the services of a third-party for the up-front evaluation of the loan request, in accordance with established guidelines. Potential third parties might include a credit union, local banks or the Ventura County Community Foundation.
- Final approval shall rest with the Commission for new contractors, in accordance with the Commission's procurement policies. For existing funded programs, whereby the request facilitates implementation of the approved scope of work and is within the approved budget, approval for requests up to $50,000 shall rest with the Executive Director, and approval for requests over $50,000 shall rest with the Commission.
- Once the loan is approved, Commission staff will do on-going monitoring of the project and loan.

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