

## **Policy on Emergency Bridge Loans to Maintain State-Subsidized Child Care**

In order to assure continuity of care for Sonoma County children in state-funded child care programs, the Commission has voted to establish interest-free loans to state-funded non-profit organizations administering subsidy payment programs, where payment is delayed because of unusually late state budget adoption. Requiring prompt repayment of the loans will assure that the Commission funds will not supplant state payments, but will instead further the Commission's strategic plan goal of assuring that families have access to high quality, dependable, stable, and affordable child care.

In general, requests for support from this program are discouraged; and, in fact, should be rare. In most cases, the applicant will first be directed to conventional funding opportunities and processes, and should seek bridge loan funding only as a last resort.

### Criteria for Approval of Applications:

In cases that meet the following criteria, the Commission will consider authorizing emergency bridge loans (repayable grants) to organizations administering subsidy payment programs impacted by the State budget impasse that meet the following criteria:

- Demonstrate long term stability sufficient to provide assurance that the agency will be able to pay back the grants as soon as the state budget is passed and within 15 days of receipt of the state money they are due
  - The applicant agency must provide their most current audit, or, in the absence of an audit, their year-end financial statement prepared by an outside CPA.
- Demonstrate that they have accessed whatever lines of credit or reserve funds they have available or can secure to weather a delay in state reimbursement and that remaining reserves, including credit lines, are less than 2% of their annual operating budget
  - The applicant agency must produce a letter from the Chair of the Board, along with a lender's statement (in the case of a line of credit) or bank statement (in the case of reserves) certifying the lack of alternative funding.
- Provide documentation from California Department of Education of funding that they will receive subsequent to the budget being passed and signed.
  - Applicant agency must produce a contract or letter of agreement with the State

- Provide assurances that all funds advanced will be used only to pay child care subsidies for children from birth through age 5 and to pay directly associated administrative expenses

### Funding Mechanism

Given the likelihood that some agencies will not have an immediate need for First 5 funds due to their existing reserves or lines of credit, it is proposed that an Emergency Loan Fund be created with an allocation of \$1.5 million from the Dedicated Fund.

**EMERGENCY FUNDING APPLICATION FOR SUBSIDIZED CHILD DEVELOPMENT  
SERVICE PROVIDERS**

Name/Contact Person:

Name of Agency:

Address:

Tel. No.:

Fax No.:

e-mail:

Status: \_\_\_\_\_ non-profit agency; \_\_\_\_\_ individual; \_\_\_\_\_ corporate or other for-profit entity

Total estimated requirement, per month \$ \_\_\_\_\_

Documents Attached:

- Documents demonstrating long-term stability. For an agency, this would include your most current audit or year-end financial statement prepared by a CPA. For an individual, this could include a copy of your childcare license, and evidence of business stability, such as a letter describing your successful, stable business history.
- Documents demonstrating entitlement to payment from the Child Development Division of the California Department of Education and confirming that applicant will receive funding subsequent to passage of the budget. Documentation could include a letter or contract from the state agency.
- If applicant is an agency, proof of authority to execute this application and promissory notes should be attached to this application.

By filing this application, I certify that all facts and documents required to support the application are true. Further, I certify that funding approved pursuant to this application shall be used only for subsidized child development services for children no older than five (5) years of age, and for directly associated administrative expenses and that I will repay any amounts granted pursuant to this application under the terms and conditions set out in individual promissory notes to be signed in order to obtain funds.

\_\_\_\_\_  
By:  
[Agency]

Questions and completed application should be directed to:

First 5 Sonoma County  
Attn: Dawn Calahan  
3313 Chanate Road  
Santa Rosa, CA 95404  
Phone: 565-4769  
Email: dcalahan@sonoma-county.org

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For Commission use only:

Total approved: \$ \_\_\_\_\_

**SUBSIDIZED CHILD DEVELOPMENT SERVICE PROVIDER'S EMERGENCY  
FUNDING REQUEST AND PROMISSORY NOTE**

Name/Contact Person:

Name of Agency:

Address:

Tel. No.:

Fax No.:

e-mail:

Amount requested in this application: \$\_\_\_\_\_ for the month of \_\_\_\_\_.

Documents Attached:

- Documents demonstrating financial need. Applicants must include documentation that available lines of credit or reserve funds are less than two (2) percent of their operating budget. Documentation could include a bank letter or copy of bank statement.
- Documents demonstrating that you are entitled to the amount claimed. This would include evidence that you have provided/paid for/are obligated to pay subsidized child development for children not older than five years old, and are entitled to recover from the California Department of Education an amount equal to the amount requested in this application.
- Signed claim form
- Completed Payee Data Record

No funds will be released by the Commission until a promissory note for the amount requested, on a form provided by the Commission, has been executed and returned to the Commission.

\_\_\_\_\_  
By:

[Agency]

Questions and completed request should be directed to:

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Attn: Dawn Calahan  
3313 Chanate Road  
Santa Rosa, CA 95404  
phone: 565-4769  
email: dcalahan@sonoma-county.org

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For Commission use only:

Amount approved this application: \$\_\_\_\_\_

Amount approved for applicant remaining after this payment: \$ \_\_\_\_\_

PROMISSORY NOTE

\$ \_\_\_\_\_

Santa Rosa, California

\_\_\_\_\_, 2009

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_, a [nonprofit corporation], together with its successors and assigns (hereinafter "Maker"), promises to pay to the Sonoma County Children and Families Commission, together with its successors and assigns (hereinafter "Holder"), or to Holder's order, at 575 Administration Drive, Santa Rosa, CA 95403, or at such other place as Holder may from time to time designate by written notice to Maker, the principal sum of \_\_\_\_\_ without interest.

This note is unsecured. Maker agrees to repay the loan on June 30, 2010, or within fifteen (15) days of receiving funds owed to Maker from the California Department of Education, whichever comes first. Payment shall be due and payable in lawful money of the United States of America without set-off, deduction, or counterclaim.

Maker agrees to pay the following costs, expenses, and attorneys' fees paid or incurred by Holder, or adjudged by a court: (1) reasonable costs of collection, costs, expenses, and attorneys' fees paid or incurred in connection with the collection or enforcement of this note, whether or not suit is filed; and (2) costs of suit and such sum as the court may adjudge as attorneys' fees in an action to enforce payment of this note or any part of it. Nothing contained in this note shall be deemed in any way to limit, prevent or prejudice the rights of Holder to enforce its rights or remedies under any law or in equity.

Time is of the essence with respect to every provision hereof.

This note shall be construed and enforced in accordance with the laws of the State of California,

By: \_\_\_\_\_

Name:

Title:

[Organization name]