



# Working with Non-Profits

Capital Outlay Projects



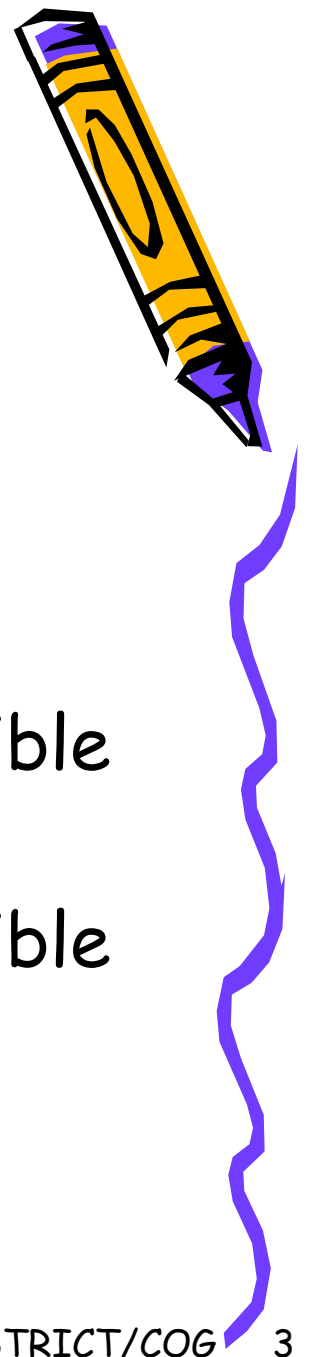
# Do we have to work with non-governmental entities?



- No, but a local legislator may ask you to be the fiscal agent for a community based organization.
- No, but you may want to aide a community based organization.
- No, but you may want to help a community based organization provide service you cannot otherwise provide.



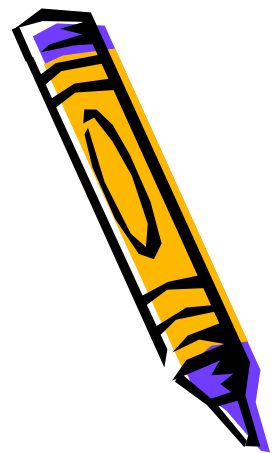
# Who gets the headache— I mean the money?



- The local government does.
- The local government always gets the money.
- The local government is always responsible for reporting the use of the money.
- The local government is always responsible for the spending of the money.



# Before you say "Yes" you should know



- Are they properly organized, who is on the Board?
- Are they adequately insured? Will they make you an additional insured or a co-insured and provide proof?
- What is their source of permanent funding?
- Do they have evidence that they can afford long term M/O of the facility or equipment?
- Will they agree to provide an annual report and a copy of their annual audit?
- Will they agree to a fair-market lease agreement for the equipment or facility?
- If necessary will they deed over their property to accept additions or improvements to their facility?

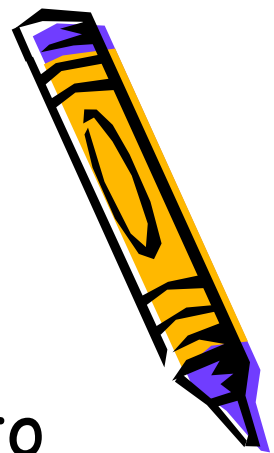


# You should also know...

- What is the total cost of the project?
- If Capital Outlay cannot fund the entire project where will the rest of the money come from? And, when?



# A few things to consider before saying "Okay"



- Do we have the time, staff and ability to administer the grant?
- Will the project provide a needed benefit or service to our community?
- Are they also asking for M/O assistance from us? Can we afford it?
- Do we want to accept liability for the new asset(s)?



# More to know before you give the Okay



- Are we willing to add the entity and project to our ICIP and approve the addition at a regular council, board or commission meeting?
- Will we provide a letter of support stating we will be the fiscal agent?
- Can the project be completed in a reasonable time frame?





# Can we give the okay yet?

- Have they secured a legislative sponsor or sponsors?
- Will the money be used for bricks & mortar, equipment or other capital expenditures only?
- Will the life of the facility or equipment exceed 10 years?
- Are we comfortable as partners with the entity, their board and the project?





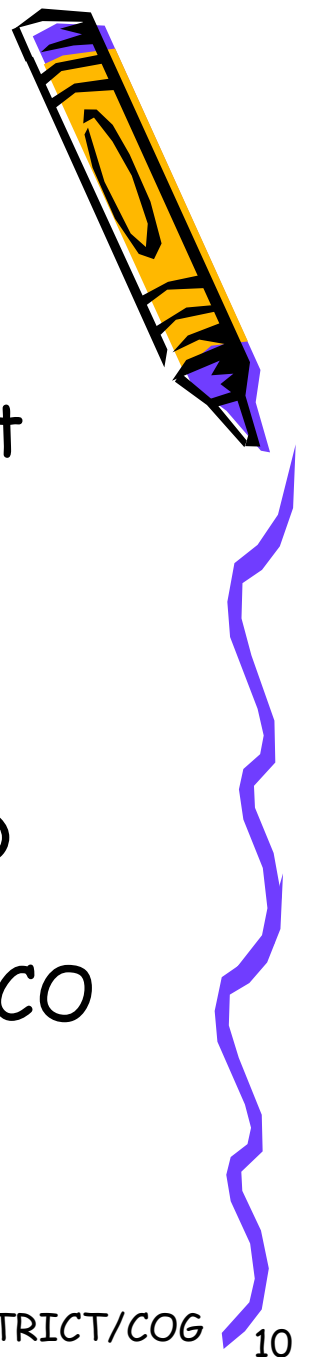
# Phew!! We got the money—now what?



- Don't spend a dime until after you have a valid contract for the money from DFA or another state agency for the project.
- Identify who the contact persons between the local government and local entity will be.
- Start developing the language for the lease, rental agreement, MOU whatever and submit to DFA/state agency for approval.



# And then—and then



- Remind everyone working on the project and enforce this—"NO PURCHASE OR EXPENDITURE FOR EQUIPMENT, FACILITY, LAND, WATER RIGHTS, VEHICLE, OR ANY CAPITAL EXPENSE CAN OCCUR UNLESS IT IS ALLOWED AND COMPLIES WITH THE REQUIREMENTS OF THE NEW MEXICO PROCUREMENT CODE!!!!!!"

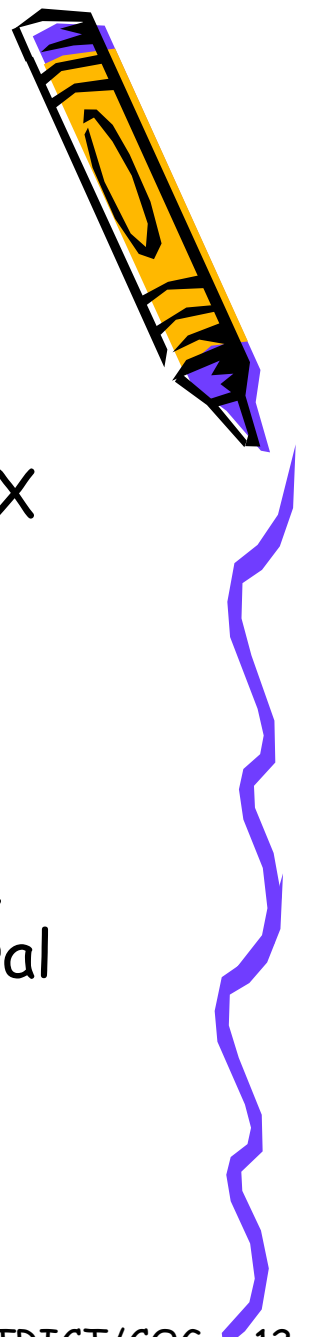


# But they are a non-profit and not a state agency

- The money comes to the local government, the project belongs to the local government, the local government is responsible for all aspects of compliance regarding the use of the money and local government is responsible for all reporting requirements for the money.



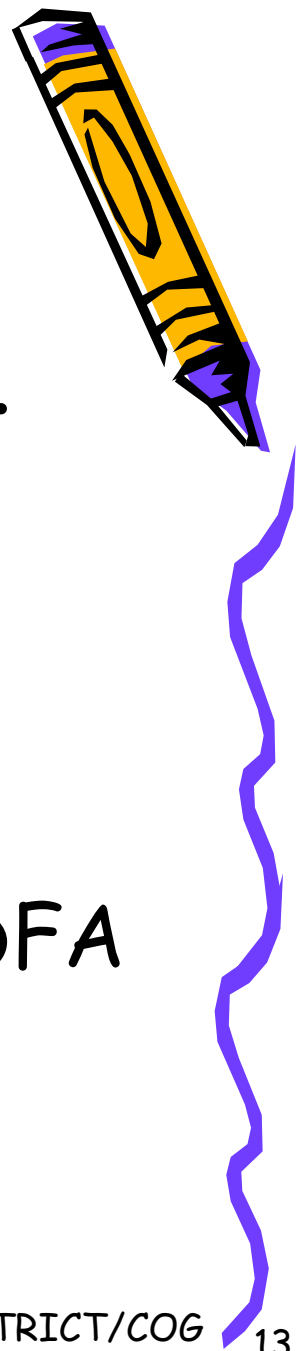
# What's the deal on the lease agreement?



- It is required to avoid violation of the NM Constitutions "Anti-donation Clause" Article IX Section 14 Aid to Private Enterprise.
- It must be a Fair-Market Lease Agreement.
- The value of the State assistance shall be amortized over a 10 year period.
- The lease agreement must be approved by the funding state agency, the NM Attorney General and State Board of Finance, before it is valid.



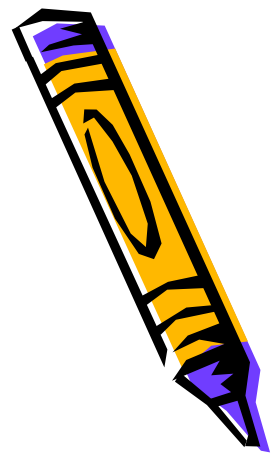
# That sounds like a lot of work



- **IT IS A LOT OF WORK AND IT COMES WITHOUT ANY ADMINISTRATION MONEY.**
- But your EDD/COG is available to help. Call them.
- So is your project manager from DFA or other funding agency.



# You decide



- Weigh the pluses and minuses
- Work with your local Legislators on the project.
- Will the local entity be a good working partner?
- Think it through well-it's a big decision.

