
CITY COUNCIL REPORT

TO: Ed Zuercher
City Manager

FROM: Paul Blue
Deputy City Manager

SUBJECT: INFORMATION ON THE PHOENIX IDA

This report provides information on The Industrial Development Authority of the City of Phoenix, Arizona (Phoenix IDA), including revenues and expenses, 2015-2016 plan, and some of its programs.

THE ISSUE

The Phoenix IDA was created in 1981 to provide bond financing for community and economic development projects. Since January 2009, the Phoenix IDA has issued more than \$1.5 billion in bonds for programs to increase job opportunities within the community, support education and healthcare, and provide housing for underserved communities, benefitting the residents of Phoenix and Arizona. Eligible bond applicants include for profit-entities, nonprofit 501(c) organizations, or public agencies. With the exception of housing projects, the Phoenix IDA can issue bonds for projects located anywhere in Arizona. The Phoenix IDA may also issue bonds to finance projects outside of Arizona if the project provides a benefit within the state.

While the Phoenix IDA Board has supported staff in its efforts to provide bond financings in certain market sectors, including district schools, healthcare, multifamily housing, higher education, and manufacturing, market conditions determine the types of projects financed. Attachment A provides year-by-year information on bond issuances for the last three fiscal years, as well as summary information for the period January 2009 to June 2015.

With a staff of eight currently working with an operating budget of approximately \$1.7 million, the Phoenix IDA is financially independent. It utilizes revenues primarily generated from fees associated with bond financings and homeownership programs to pay for all of its expenses. Attachment B provides information on revenues and expenses during the last three fiscal years.

The Phoenix IDA invests in programs that mainly benefit residents within the greater Phoenix area, small businesses, and communities throughout the city. Improving the standard of living for Phoenix residents, these programs support education, nonprofit organizations, small business expansion, and affordable housing.

Community Impact Fund

The Community Impact Fund (CIF) provides funds for a public purpose to maximize community or social impact, while seeking repayment of principal and a return on capital investment. Returns may be measured in traditional yield on investment, such as interest on loans, or in other impacts, such as education, job creation, innovation, improving social services, or some combination thereof. In August 2015, the Board approved an allocation of up to \$14 million for the CIF in fiscal year 2016.

Through the CIF, the Phoenix IDA has partnered with the City on three land purchases for the development of the properties. These Phoenix IDA City-related land investments total more than \$3 million. Recently, the City Council approved the release of a Request for Proposals for the development of 7.5 acres acquired with CIF funding. In addition, the Phoenix IDA Board recently voted to consider a \$2 million loan request from the City's Community and Economic Development Department to assist with the proposed development of the high-rise, mixed-use Phoenix Central Station project. Attachments C-1(a), C-2(a), and C-3(a) provide information on CIF land investments made during the last three fiscal years.

Home in Five Advantage – Mortgage Origination Program

In September 2012, the Phoenix IDA and the Maricopa County IDA partnered to launch Home in Five Advantage – Mortgage Origination Program. The program assists homebuyers in obtaining a Federal Housing Administration, U.S. Department of Veterans Affairs, or U.S. Department of Agriculture – Rural Development loan to purchase a new or existing home. The program provides a competitive mortgage loan interest rate with a 5 percent grant for down payment and closing costs. Targeting low-to moderate-income families and individuals throughout Maricopa County, the program has assisted with the purchase of approximately 6,200 homes and has funded approximately \$1.03 billion in loans for homebuyers through July 2015.

Community Development Fund

Established in 2011, the Community Development Fund (CDF) is supported by revenue generated from non-Arizona bond transactions. In Fiscal Year 2015, these revenues totaled approximately \$320,000. The Phoenix IDA Board of Directors dedicated an additional \$500,000 in revenues from the Guam transaction to the CDF in December 2014. The Board has authorized \$250,000 in support of education, healthcare, and science and technology community investments, which is being matched by the Arizona Community Foundation. In addition, the CDF will support a commitment of \$1 million to the Valley of the Sun United Way "Rapid Rehousing Initiative." Attachment D provides information on CDF investments made during the last three fiscal years.

Phoenix IDA Loan Fund

The Loan Fund includes two programs: Phoenix IDA Pre-Development Loan Fund and the Phoenix IDA Line of Credit. The Pre-Development Loan Fund provides short-term financing of up to \$250,000 for pre-development costs incurred by nonprofit organizations seeking Phoenix IDA bond financing. Up to \$1.5 million is available for

these loans, including \$500,000 from the Arizona Community Foundation for education-related loans.

The Line of Credit program provides short-term loans of between \$50,000 and \$250,000 to nonprofits with limited access to credit. Interest rates are indexed to the Wall Street Journal Prime Rate, with interest only payments until maturity. Attachments C-1(b), C-2(b), and C-3(b) provide information on loans made during the last three fiscal years.

Small Business and Nonprofit Lending Program

Through this program, creditworthy small businesses, including nonprofit organizations, have the opportunity to receive loans to help expand their operations. Since July 2012, the program has helped finance more than \$2.9 million in loans to local businesses in healthcare, education, and downtown redevelopment. Attachments C-1(c), C-2(c), and C-3(c) provide information on loans made during the last three fiscal years.

2015-2016 PLAN

The Phoenix IDA's 2015-2016 plan concentrates business development efforts on projects to: 1) create and/or retain jobs, 2) support local Arizona investments, and 3) boost the local community. The main elements of the plan include:

Public Finance

- Healthcare: Assisted Living Facilities, Healthcare Providers, and Hospitals.
- Community and Economic Development: Multifamily Housing and Qualifying 501(c) Projects.
- Tax-Exempt Bonds for Manufacturers Program
 - Small manufacturers seeking bond financing for expansion.
 - Partnership with the City of Phoenix's Community and Economic Development Department and Alliance Bank.
- Education: District School Financing Model, Higher Education, and Charter Schools.

Residential Mortgage Programs

- Home in Five Advantage Mortgage Origination Program – Government Loans
 - Expand 4 percent Down Payment Assistant to include First Responders and Teachers.
 - Homeownership Assistance of \$1 million for moderate- to low-income prospective homebuyers.
- Home in Five Advantage Mortgage Origination Program – Conventional Loans

- Down Payment Assistance Program of 3 percent for first-time homebuyers.
- Mortgage Credit Certificate Program for moderate- to low-income homebuyers.

The Board has encouraged staff to focus programmatic efforts on:

Community Impact Fund

- Increased fund to \$14 million.
- Develop strategy for fiscal year 2015 – 2016.

Community Development Fund

- Designate \$1 million for award to Phoenix projects/programs.
- Enter into an agreement with the Arizona Community Foundation to administer the fund.

OTHER INFORMATION

Industrial Development Authorities (IDAs) are formed under the Industrial Development Act of Arizona of 1968 (Title 35, Chapter 5, of the Arizona Revised Statutes). IDAs have the statutory authority to issue tax-exempt bonds for 17 types of qualifying projects under A.R.S § 35-701 (1) (xii). With the exception of multifamily housing, bonds issued by an IDA can finance projects located anywhere in Arizona.

In addition, IDAs may also issue bonds to finance projects outside of Arizona, if the out-of-state project provides a benefit within the State, as determined by its Board of Directors. However, the Phoenix IDA has a practice of only issuing out-of-state revenue bonds when there are no local issuers present or available to support the bonding needs in these locations.

The community development and community impact investments previously mentioned require the Phoenix IDA's monetary commitment. However, the commitment does not end there. The Phoenix IDA will continue to engage in other community and economic development activities, including collaborating with City departments in an effort to assist with job creation and retention efforts. Further, the Phoenix IDA continues to work toward identifying opportunities to assist small businesses and nonprofit organizations through its various loan programs.

RECOMMENDATION

This report is for information and discussion.

Attachment A

Phoenix IDA Bond Issues

	<u>FY 2013 Total</u>	<u>FY 2014 Total</u>	<u>FY 2015 Total</u>
Education			
Charter schools	\$ 80,095,000	\$ 183,902,764	\$ 228,010,000
District schools	69,250,000		107,405,000
Universities		10,000,000	
Subtotal	<u>\$ 149,345,000</u>	<u>\$ 193,902,764</u>	<u>\$ 335,415,000</u>
Multifamily Housing		4,100,000	8,700,000
Community Development¹			19,000,000
Health		183,100,000	12,941,000
Solid Waste Disposal	184,065,000		
Total	<u><u>\$ 333,410,000</u></u>	<u><u>\$ 381,102,764</u></u>	<u><u>\$ 376,056,000</u></u>

Phoenix IDA Bond Issues

	<u>January 2009 thru June 2015 Total</u>
Education	
Charter schools	\$ 560,557,764
District schools	176,655,000
Private nonprofit	84,940,000
Universities	192,095,000
Subtotal	<u>\$ 1,014,247,764</u>
Multifamily Housing	26,400,000
Community Development¹	19,000,000
Health	196,041,000
Manufacturing	79,000,000
Solid Waste Disposal	184,065,000
Total	<u><u>\$ 1,518,753,764</u></u>

¹ Community Development includes other nonprofit

Attachment B

Phoenix IDA Revenues and Expenses

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
	<u>Total</u>	<u>Total</u>	<u>Total</u>
Revenues			
User Assessment Fees/Bond Redemption	\$ 2,300,617	\$ 1,119,182	\$ 1,014,804
Residential Mortgage Program Fees	459,775	1,537,040	3,586,686
Other Income	595,391	240,364	342,736
Total Revenues	<u>\$ 3,355,783</u>	<u>\$ 2,896,586</u>	<u>\$ 4,944,226</u>
Expenses			
General and Administration	\$ 1,167,056	\$ 965,984	\$ 1,022,095
Community Development Fund	185,000	174,650	1,517,972
Other Expenses	159,952	243,024	141,201
Total Expenses	<u>\$ 1,512,008</u>	<u>\$ 1,383,658</u>	<u>\$ 2,681,268</u>

Attachment C-1

Phoenix IDA Land Portfolio as of June 30, 2013 {Development Agreements with City of Phoenix}

C-1a

	Start	Phoenix IDA %	Total Purchase	Phoenix IDA Portion	Repaid to Phoenix IDA	Phoenix IDA Balance
North First Avenue	1/26/2012	50%	\$ 315,000	\$ 157,500	\$ 0	\$ 157,500

Phoenix IDA Loan Portfolio as of June 30, 2013

	Total Loan	Phoenix IDA Portion	Repaid to Phoenix IDA	Phoenix IDA Balance
Phoenix IDA Loan Fund				
Great Hearts Academies*	\$ 250,000	\$ 250,000	\$ 250,000	\$ 0
Morrison Education*	215,000	107,500	23,130	84,370
Phoenix Collegiate Academy*	250,000	125,000	125,000	0
Subtotal	\$ 715,000	\$ 482,500	\$ 398,130	\$ 84,370
Small Business and Nonprofit				
Healthy Concepts LLC dba Luci's Marketplace	\$ 374,000	\$ 66,500	\$ 10,043	\$ 56,457
Levine Machine	500,000	250,000	0	250,000
NCA Development, Inc. dba Natural Choice Academy	165,000	41,250	5,672	35,578
On Time Air Conditioning and Heating	100,000	25,000	1,918	23,082
Subtotal	\$ 1,139,000	\$ 382,750	\$ 17,633	\$ 365,117
Total	\$ 1,854,000	\$ 865,250	\$ 415,763	\$ 449,487

C-1b

C-1c

* Nonprofit borrower

Attachment D

Phoenix IDA Community Development Fund

	<u>FY 2013 Total</u>	<u>FY 2014 Total</u>	<u>FY 2015 Total</u>
Education			
A Stepping Stone Foundation			\$ 12,500
Academia del Pueblo	\$ 10,000		
ACCEL (AZ Centers for Comprehensive Education and Life Skills)			11,500
AGUILA Youth Leadership Institute			5,000
Brunson-Lee Elementary School			32,200
Crisis Nursery	10,000		
Desert Mission, Inc. - Lincoln Learning Center	10,000		
Eagle College Prep	10,000		
Educare Arizona			10,000
Great Hearts Academies		\$ 22,650	
Imagine Schools at Camelback	10,000		
INROADS, Inc.	25,000		
Maricopa Community Colleges Foundation			5,000
Maryvale Preparatory Academy	10,000		
New Schools for Phoenix	50,000		
Phoenix Collegiate Academy	10,000		21,275
Phoenix Public Library Foundation		7,000	
Reid Traditional Schools Painted Rock Academy	10,000		
Reyes Maria Ruiz Leadership Academy	10,000		
Stand for Children Arizona		5,000	
Teleos Preparatory Academy	10,000		
Valley of the Sun United Way Youth & Education STEAM Fund		50,000	10,500
Total	\$ 175,000	\$ 84,650	\$ 107,975
Economic/Community Development			
Arizona Community Foundation		\$ 40,000	
Arizona Fallen Firefighter Memorial			\$ 25,000
ASU Office of Entrepreneurship & Innovation			49,997
CO+HOOTS			75,000

Attachment D

Phoenix IDA Community Development Fund

	<u>FY 2013 Total</u>	<u>FY 2014 Total</u>	<u>FY 2015 Total</u>
Discovery Triangle Development		50,000	
Local First Arizona	\$ 5,000		10,000
Phoenix Parks Foundation			50,000
SEED SPOT	5,000		5,000
Sunnyslope Village Alliance			35,000
UMOM New Day Centers			25,000
Valley of the Sun YMCA			12,500
Total	\$ 10,000	\$ 90,000	\$ 287,497
Health Innovations			
Keogh Health Connection			\$ 50,000
Southwest Autism Research & Resource Center			12,500
Southwest Human Development			25,000
Total	\$ 0	\$ 0	\$ 87,500
Affordable Housing			
Arizona Community Foundation			\$ 35,000
Valley of the Sun United Way			1,000,000
Total	\$ 0	\$ 0	\$ 1,035,000
FY Totals	\$ 185,000	\$ 174,650	\$ 1,517,972

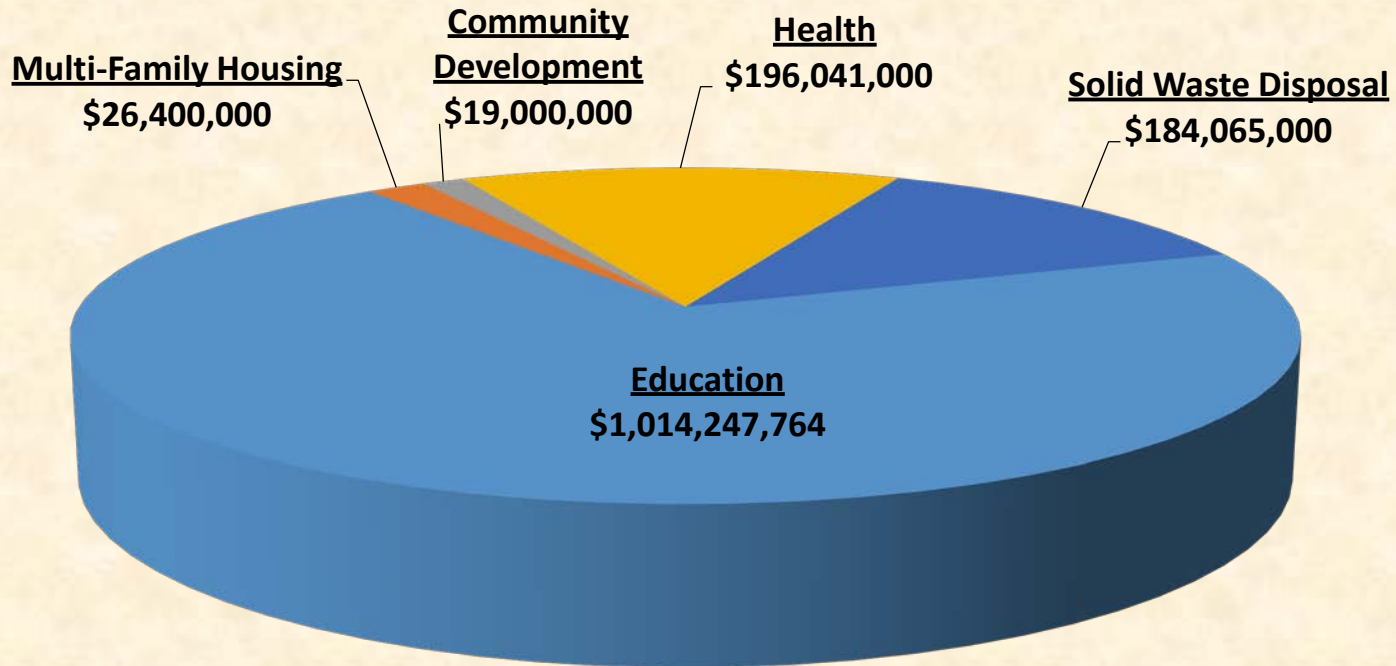
Parks, Arts, Transparency and Education Subcommittee

September 22, 2015

Phoenix IDA Mission Statement

Supporting community and economic development through access to capital.

Bond Issuances 2009 - 2015



Bond Issuances



Girl Scouts –
Arizona Cactus-Pine Council
City Council Dist. 8
16th Street and Dobbins Road



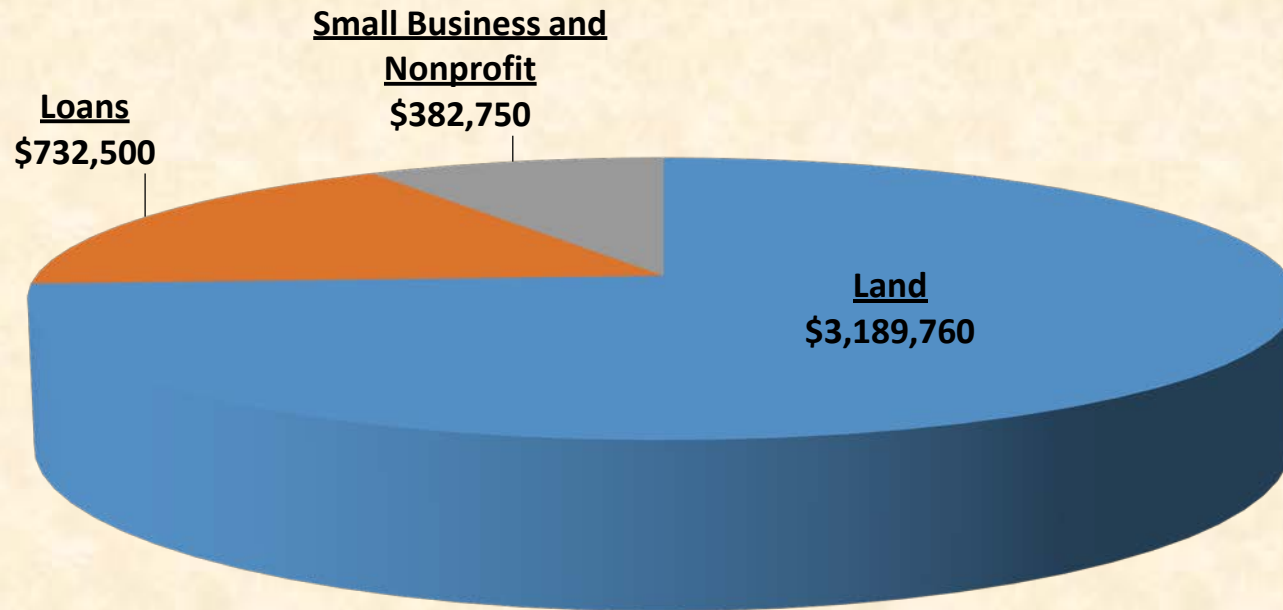
Mayo Clinic – Arizona
City Council Dist. 2
56th Street and Mayo Boulevard



Hill N Dell (Multifamily Housing)
City Council Dist. 6
51st and Taylor Streets

Community Impact Fund

(FYs 2013-2015)



Community Impact Fund



West Fillmore Property (Future Mixed Use/Housing)

City Council Dist. 7

5th — 6th Avenue and Fillmore Street



ArTHAUS (In-fill Housing)

City Council Dist. 4

1st Avenue and McDowell Road

Community Impact Fund



Levine Machine
City Council Dist. 8
6th and Grant Streets

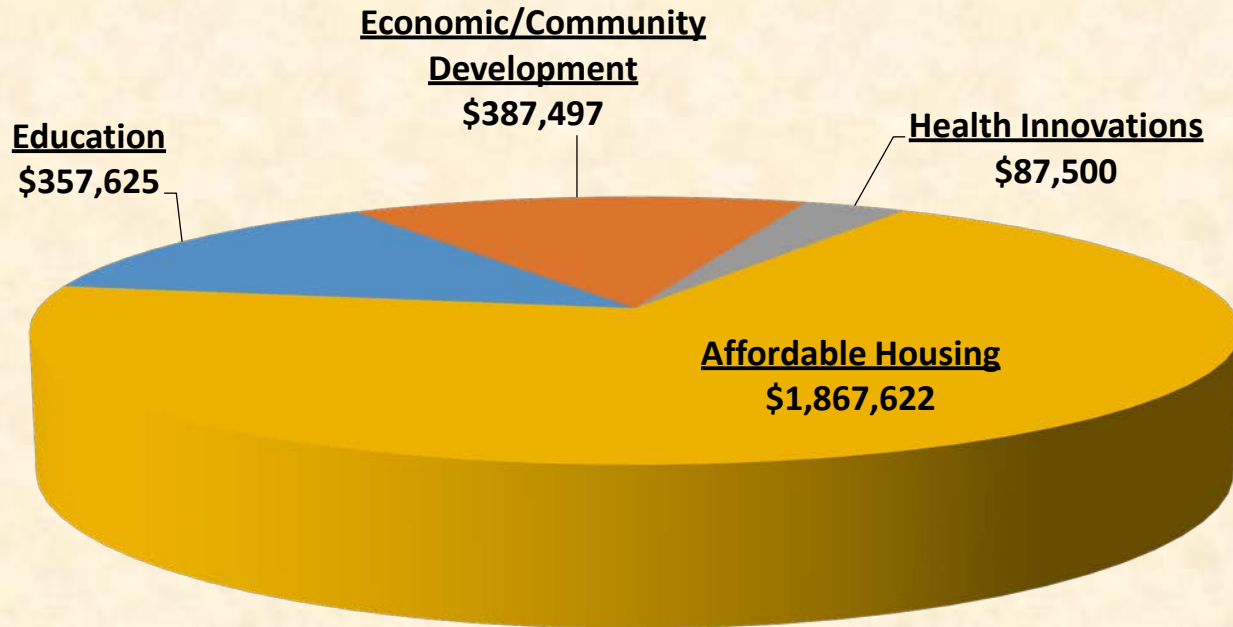


Adelante Healthcare
City Council Dist. 5
43rd and Northern Avenues



Luci's Healthy Market
City Council Dist. 6
16th Street and Bethany Home Road

Community Development Fund (FYs 2013-2015)



Community Development Fund



Valley of the Sun YMCA – Y Knot Program
City Council Dist. 5
67th Avenue and Indian School Road



VSUW – Rapid Rehousing
City Council Dist. 7
12th Avenue and Madison Street



UMOM – Family Shelter
City Council Dist. 8
33rd and Van Buren Streets



Circle of the Cities (Health Agency for Homeless)
City Council Dist. 4
3rd Avenue and Indian School Road

Community Development Fund



Neighborhood Ministries
City Council Dist. 7
19th Avenue and Van Buren Street



UMOM (Homegrown Program)
City Council Dist. 8
33rd and Van Buren Streets



Student Health Outreach for Wellness (Homeless Health Clinic)
City Council Dist. 7
12th Avenue and Madison Street

FY 2016 Public Finance Plan

- Healthcare
- Community & Economic Development
- Tax-Exempt Bonds for Manufacturers Program
- Education

Residential Mortgage Programs

- Home in Five Advantage Mortgage Origination Program – Government Loans
- Home in Five Advantage Mortgage Origination Program – Conventional Loans
- Mortgage Credit Certificate Program

Community Impact Fund

- Increased fund to \$14 million.
- Develop strategy for FY 2016

Community Development Fund

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Phoenix IDA Mission Statement

Supporting community and economic development through access to capital.

Bond Issuances 2009 - 2015

Bond Name	Bond Type	Education Group	Year	Amount
ACCEL	Education	Private	2009	\$3,200,000.00
Career Success Schools	Education	Charter	2009	\$11,225,000.00
Dove Valley	Manufacturing		2010	\$30,000,000.00
Eagle Charter School	Education	Charter	2010	\$7,010,000.00
Dunn-Edwards	Manufacturing		2010	\$7,515,000.00
Dunn-Edwards	Manufacturing		2010	\$22,485,000.00
Friends Seminary School	Education	Private	2010	\$25,475,000.00
Dove Valley	Manufacturing		2010	\$19,000,000.00
Nightingale-Bamford School	Education	Private	2010	\$15,000,000.00
Arizona School for the Arts	Education	Charter	2011	\$8,750,000.00
Riverdale Country School	Education	Private	2011	\$24,115,000.00
City & Country School	Education	Private	2011	\$17,150,000.00
Marcos de Niza	Multifamily Housing		2011	\$13,600,000.00
Great Hearts Academies - Veritas Prep	Education	Charter	2012	\$16,425,000.00
Painted Rock Academy	Education	Charter	2012	\$10,000,000.00
Brighter Choice Charter Schools	Education	Charter	2012	\$15,140,000.00
Rowan University	Education	University	2012	\$182,095,000.00
George Gervin Prep Academy	Education	Charter	2012	\$1,700,000.00
Choice Academies, Inc.	Education	Charter	2012	\$15,945,000.00
Phoenix Collegiate Academy	Education	Charter	2012	\$5,300,000.00
Great Hearts Academies - Glendale	Education	Charter	2012	\$12,585,000.00

Bond Issuances 2009 - 2015

Bond Name	Bond Type	Education Group	Year	Amount
Republic Services	Solid Waste Disposal		2013	\$155,130,000.00
BASIS Ahwatukee	Education	Charter	2013	\$8,835,000.00
Eagle College Prep	Education	Charter	2013	\$10,250,000.00
BASIS San Antonio	Education	Charter	2013	\$9,265,000.00
Vieste SPE, LLC	Solid Waste Disposal		2013	\$28,935,000.00
BASIS Mesa	Education	Charter	2013	\$7,815,000.00
Paradise Shadows	Multifamily Housing		2013	\$4,100,000.00
George Gervin Prep Academy Phoenix	Education	Charter	2013	\$4,316,000.00
George Gervin Prep Academy San Antonio	Education	Charter	2013	\$8,056,347.00
Great Hearts Academies	Education	Charter	2013	\$39,425,417.25
BASIS Oro Valley Primary	Education	Charter	2013	\$8,305,000.00
Primer Paso	Health		2013	\$3,100,000.00
Candeo Schools, Inc.	Education	Charter	2013	\$11,000,000.00
Arizona Christian University	Education	University	2014	\$10,000,000.00
BASIS Prescott	Education	Charter	2014	\$9,020,000.00
BASIS Phoenix Central	Education	Charter	2014	\$9,590,000.00
BASIS San Antonio North	Education	Charter	2014	\$9,640,000.00
Arizona Charter Academy	Education	Charter	2014	\$11,550,000.00
Legacy Traditional School	Education	Charter	2014	\$73,000,000.00
Mayo Clinic	Health		2014	\$180,000,000.00
Hill N Dell Apartments	Multifamily Housing		2014	\$8,700,000.00

Bond Issuances 2009 - 2015

Bond Name	Bond Type	Education Group	Year	Amount
Great Hearts Academies	Education	Charter	2014	\$80,080,000.00
Yuma Assisted Living	Health		2014	\$12,941,000.00
Guam Facilities Foundation	Education	District	2014	\$107,405,000.00
Girl Scouts—Arizona Cactus—Pine Council, Inc.	Community Development		2015	\$10,000,000.00
BASIS Schools, Inc.	Education	Charter	2015	\$89,140,000.00
JMF-ECVA Convention Center Expansion	Community Development		2015	\$9,000,000.00
Pointe Educational Services	Education	Charter	2015	\$18,130,000.00
Legacy Traditional Schools	Education	Charter	2015	\$40,660,000.00

Revenues

	FY 2013 Total	FY 2014 Total	FY 2015 Total
Revenues			
User Assessment Fees/Bond Redemption	\$ 2,300,617	\$ 1,119,182	\$ 1,014,804
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Total Revenues	\$ 3,355,783	\$ 2,896,586	\$ 4,944,226

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