PHOENIXIDA

# MEMORANDUM

DATE: November 10, 2014

TO: Members, Community Impact Fund Committee

FROM: Juan Salgado, Executive Director

SUBJECT: Espiritu Community Development Corporation Pre-Development Loan

## BACKGROUND

The Board of Directors established the Pre-Development Loan Fund in June 2012, to provide interim loans to Arizona schools for costs associated with pre-development of school projects, bridging the period between the commencement of a project and closing on Phoenix IDA bond financing. These interest-only loans were designed for 12 month terms.

## PROPOSAL

The Phoenix IDA issued $7,855,000 of bonds for Espiritu Community Development Corporation ("Espiritu") in late 2006. A related entity has acquired another property, at 222 East Olympic Drive in Phoenix, for Espiritu to develop and for which the school will incur some pre-development costs. Espiritu is requesting a loan of up to $100,000, to assist with those pre-development costs, with a term up to 36 months, given that their currently outstanding bonds are not eligible for redemption until July 2017 and they plan to refinance the existing bonds as well as fund the construction of a new school.

## RECOMMENDATION

Phoenix IDA staff and I request the Committee recommend the Board approve (i) an exception to the current policy regarding the term of the loan, (ii) the use of Education Loan funds for this loan, and (iii) to authorize the Executive Director to approve the loan and execute all necessary documents following evaluation of credit and recommendation by the financial advisor to the Phoenix IDA.