

Eligible Non-Profit Applicants for ISRF Loan

LOANS TO NON-PROFIT BORROWERS

When is a “public benefit tax exempt not for profit entity” considered an eligible borrower under ISRF Program Criteria?

When the Infrastructure State Revolving Funds (ISRF) Program (ISRF Program) *Criteria, Priorities, and Guidelines* were amended and restated in October 2013, non-profit entities were added as an eligible borrower under the ISRF Program. The *Amended and Restated Criteria, Priorities, and Guidelines for the Selection of Projects for Financing Under the Infrastructure State Revolving Fund (ISRF) Program, Adopted October 29, 2013* (Criteria), provide that a public benefit tax exempt not for profit entity (non-profit entity), engaged in business or operations within the state; and implementing a project that is eligible (as outlined in the Criteria), **may apply** for financing under the ISRF Program **in conjunction with a Sponsor**.

“Sponsor” is defined in Section 63010(u) of the Government Code as “any subdivision of the state or local government including departments, agencies, commissions, cities, counties, non-profit corporations formed on behalf of a sponsor, special districts, assessment districts, and joint powers authorities within the state or any combination of these subdivisions” (i.e., governmental entity).

For a non-profit entity to be considered an eligible borrower such entity must be **affiliated** with a Sponsor and must **apply** for ISRF Program financing **in conjunction** with the Sponsor. A non-profit entity’s affiliation with a Sponsor may be evidenced by the non-profit entity’s technical, managerial, and financial obligation to the Sponsor to construct/acquire and complete the project, operate, manage, and maintain the project after construction, perform under one or more contracts between the Sponsor and the non-profit entity or be evidenced by financial or other interests (for example loans or grants) between the Sponsor and the non-profit entity. **A non-profit entity, without a Sponsor, is not an eligible borrower under the ISRF Program Criteria.**

General Credit Review

In addition to underwriting guidelines applicable to the repayment source/revenues, IBank will rely upon structured and private finance criteria, as well as other applicable procedures, to review and analyze: (1) the legal structure of non-profit applicants; (2) the governing body and authority of non-profit applicants; (3) material “obligated persons” affiliated with projects and non-profit applicants; (4) relationships between non-profit applicants and “obligated persons;” (5) the technical, managerial, and financial capability of non-profit applicants to fulfill obligations to “Sponsors” (governments affiliated with the project) to construct/acquire and complete the project; (6) the technical, managerial, and financial capability of non-profit applicants to fulfill obligations to “Sponsors” to operate, manage, and maintain projects after construction; and (7) management contracts between “Sponsors” and non-profit applicants.