

Developers get green light for Glendale Main Street financing

\$1.2 billion in bonds to pay for new district

by **Carrie Watters** - Apr. 23, 2009 12:00 AM
The Arizona Republic

Developers Tuesday received the preliminary green light on \$1.2 billion in bond financing to build USA Basketball headquarters and the larger Main Street project near Glendale's sports and entertainment district.

In a twist, the bond financing will move through the Industrial Development Authority of La Paz County, just west of Maricopa County.

The deal comes with little time to waste. USA Basketball announced its intent to move from Colorado to Glendale in November. The governing body that oversees men's and women's U.S. Olympic teams agreed to give the developers, who will foot most of the costs for the new headquarters and training center, until May to secure financing.

Jerry Colangelo, a Valley sports-business veteran who heads the USA Basketball board, was pleased Wednesday to see the project move forward despite the difficult economy.

"I'm going to go out and get a hammer and some nails - let's go," he said.

The deal is positive for Glendale, too, as city leaders expect commercial development at Main Street to generate tax revenue to pay off the city's portion of debt on its new spring-training ballpark, Camelback Ranch Glendale.

Scottsdale-based Rightpath Limited Development Group three years ago proposed Main Street, envisioned to grow to 500 acres with offices, retail, restaurants and a resort.

The project would begin on the western side of Loop 101 across from University of Phoenix Stadium, with USA Basketball the anchor tenant in the northern half of the development, which would snake south to the ballpark on Camelback Road.

Robert Banovac and Danny Hendon, principals with Rightpath, are the pair moving forward on the project under a newly formed company called HB Equities.

The \$1.2 billion in bonds would include \$795 million for USA Basketball and Main Street and other commercial ventures.

Developers most frequently opt to work with industrial authorities because bonds can be tax-exempt, which means a lower interest rate. In this case, taxable bonds are planned.

Banovac said working through an industrial authority was still attractive because it opens the market to investors prohibited from real-estate investments but able to purchase government-issued bonds.

The La Paz industrial authority gave preliminary approval on the deal Tuesday, but it still must be reviewed by the Attorney General's Office to ensure it meets authority guidelines under state law.

The authority would recoup about \$12 million over a 10-year period, which would go toward La Paz County economic development.